

NEWS: EUROPE

OECD sees hope of rising steel demand

By William Dawkins in Paris

AVERAGE demand for steel in the industrialised world should pick up slightly this year, according to the Organisation for Economic Co-operation and Development (OECD), offering a glimmer of hope for the recession-hit industry.

The OECD's latest steel market review says prices have stabilised since the turn of the year and might rise in the second half. This follows a year in which demand and output fell abruptly, causing heavy losses and job reductions for many of the leading suppliers. The OECD forecasts a 0.5 per cent rise in steel demand, after the more than 5 per cent drop recorded last year, so bringing steel consumption in 1992 to 4.5 per cent below the level in 1990. Output should stagnate this year, after falling by 4 per cent in 1991, says the OECD.

The US steel industry can expect an upturn in demand on the strength of a rise in

housing starts and the beginnings of a recovery in car production. However, prices are expected to remain soft.

It does not expect a real increase in steel demand in the EC, on the grounds that it is heading for only a slight economic recovery this year, with no significant rise in industrial investment or consumption. Steel users are expected to rebuild depleted stocks in anticipation of a stronger recovery, which should at least stabilise the market and help end the price fall.

For Japan, the outlook is bleak. Consumption fell 2.5 per cent in 1991 and the general weakening of the economy should produce a "considerable" decline in steel demand in the first half of this year, in all sectors except shipbuilding. This, plus the effect of de-stocking, led to a 13.5 per cent fall in output in the first quarter; output is expected to fall another 16.3 per cent in the second, says the report.



A tourist is photographed by an Italian soldier on Monday while standing on hardened lava from the eruption of Mount Etna in Sicily. A small group of tourists who evaded police and climbed the mountain yesterday forced Italian and US marines to

postpone an attempt to block the flow of lava, Reuters reports from Mount Etna.

The group had come too close to the source of the lava to allow explosives to be detonated, the US military said.

Later, however, a military operation suc-

ceeded in slowing the flow by dropping concrete blocks into an opening of an underground river of lava.

Etna, which has been erupting since December, is producing enough lava to fill an average bedroom each second.

NEWS IN BRIEF

French industrial output down by 0.9%

FRENCH industrial production fell by 0.9 per cent from January to February, a surprise to most analysts, who were expecting a small rise, William Dawkins writes from Paris.

The fall is partly due to warmer than expected weather, which caused a sharp decline in energy use, said Insee, the state statistics body. The result brings the huge industrial production index to 113.5, or 0.26 per cent above February last year.

Food production also fell, while manufacturing output rose by 0.6 per cent in February.

High-speed train running in Spain

Spain's new multi-million dollar high-speed train, the AVE, completed its first regular run yesterday between the capital and Seville in just under three hours, cutting four hours off the conventional train journey, AP reports from Madrid.

The AVE, which traveled at an average speed of 250km an hour, is the third high-speed train in Europe after the French TGV and the German Inter-City.

Prague securities trading move

The Czechoslovakian federal parliament yesterday passed legislation paving the way for securities trading in 1993, the CSK news agency said, AP reports from Prague.

The bill calls for the creation of two regional stock markets - one in Prague, the Czech and federal capital, and one in the Slovak capital of Bratislava.

Sentences in French fraud case

Dozens of people, including some of France's biggest property developers, were sentenced yesterday to fines and jail in a multi-million-dollar fraud scandal, Reuters reports from Paris.

The three-month trial focused on invoices for non-existent construction work or duplications for work already paid.

THE EUROPEAN Community's leading anti-poverty programme has a budget of Ecu55m (\$88.2m), about one Ecu for each of the 50m-plus deprived people estimated to be living in EC countries.

The EC's Poverty 3 programme is consuming its Ecu55m over five years, reducing annual expenditure to around one-fifth of an Ecu per poor person. This is, European Commission officials admit, a pitifully poor sum to be devoting to one of the most challenging social issues of the day.

Both in the commission and among anti-poverty organisations, however, a wish is growing for the EC to become more involved in promoting measures to support Europe's disadvantaged citizens.

Mr Jacques Delors, commission president, intends to produce a document on poverty and social exclusion aimed, first, at increasing political and public awareness of the issues and eventually establishing a charter of rights.

Mr Delors admitted at a conference in Brussels this month that the

Spare an Ecu for Europe's poor

Despite disagreement over how to define poverty, 15% of the EC's population are living in it, and Delors wants it higher on the agenda. Alan Pike reports

fight against poverty is an area where the EC has little to boast about. National governments still took the view that "each parish has its poor people" and did not want the next parish, much less the commission, involved.

But he voiced a willingness to use the commission's influence to help lift issues of social exclusion and disadvantage to a higher point on Europe's political agenda. Poverty was a cumulative process, said Mr Delors, and "if it takes place against a backdrop of indifference in society, at some stage the problem will become intractable."

Definitions of poverty are themselves the subject of frequent disagreement. Current EC estimates that some 50m of its population - 15 per cent of the total - live in pov-

erty are based on a calculation of the number of people receiving less than half the average income in the country where they live.

Some politicians would argue with this definition but Mr Wim Van Velzen, president of the European Parliament's social affairs committee, says that on the same basis 30m people were in poverty in 1978. In spite of economic growth and aid to less developed regions, the proportion of poor people in Europe has grown each year.

This arises largely from the consequences of industrial restructuring and long-term unemployment, factors which have also helped change the nature of "typical" west European poverty. Once traditionally associated with such groups as the elderly, it is now far more likely to

afflict younger, unemployed families and single parents.

The concept of what is meant by poverty is also changing - the phrase "social exclusion" is increasingly used to indicate that poor people lack not only money but access to a range of other services and opportunities.

Notions of poverty being about more than shortage of money have gained strength since the mid-1980s when Faith in the City, the Church of England's influential report on urban areas, described it as being about "how people are treated and how they regard themselves; about powerlessness, exclusion and loss of dignity".

Some welfare campaigners are concerned that if this view is carried

too far, however, the link with lack of money may be lost to such an extent that poor individuals are seen by others as being responsible for their own plight.

"It is right to talk about exclusion but poverty is still about money," says Mr Quintin Oliver, president of the European Anti-Poverty Network which co-ordinates the work of the voluntary sector. "It is caused by lack of money, and money helps solve many of the problems."

In late 1990 the EC set up a support group of independent specialists to examine the prospects for developing a European strategy to fight poverty and social exclusion.

The group has concluded that the EC has a substantial and potentially useful part to play "despite its meagre resources for direct action".

Although local projects funded by the EC were unlikely to add up to an effective policy for fighting poverty, they should continue as a means of supporting innovative approaches and exchanging information.

The group recommends that the commission produce an annual report on human development in the EC, enabling the social consequences of development to be measured alongside economic ones.

Rising EC interest in the problems of poverty and social exclusion reflects fear about the consequences of leaving a large section of Europe's population outside the mainstream, particularly when extreme-right political parties have been gaining ground in some EC countries.

Time may be short. The support group's report warns of a "veritable explosion" for society, with parts of large towns tending to become urban ghettos for marginalised people where "moonlighting, fraud, delinquency, prostitution and drug-trafficking seem infinitely more remunerative than all the benefits that could possibly be paid out by the welfare system."

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NEWS: EUROPE

Leading a German crusade on strategic alliances

The Cartel Office president has jolted the establishment with his attack on Allianz-Dresdner links, writes Leslie Collett

Mr Wolfgang Kartte, the outgoing president of the German Cartel Office, is deeply suspicious of the growing trend towards strategic alliances among international companies.

"Competition is restricted when there is no access for third parties," he says.

Mr Kartte, who is due to retire next June, has a strong personality and has made his mark in the Cartel Office. He recently jolted the German insurance and banking establishments by taking on one of the most powerful financial alliances in Germany.

The Cartel Office decided earlier this month that Allianz, Europe's largest insurance company, will have to reduce its stake in Dresdner Bank, Germany's second biggest bank.

He says the decision to take on the Allianz-Dresdner link was "well received" in the insurance world, to which an aide adds that Dresdner Bank was also pleased.

If so, Mr Wolfgang Röhler, Dresdner's chief executive, is not showing it. It was Mr Röhler who agreed with Allianz

Competition is restricted when there is no access for third parties, says Wolfgang Kartte

that the two would not poach on each other's territory, a cosy arrangement the Cartel Office now seeks to undo.

If Allianz does not voluntarily drop its direct stake in Dresdner Bank from 22.3 per cent to the 19.1 per cent it held before June of last year - and it is most unlikely to comply - the case will go to court, where it could take more than five years to be decided.

Mr Kartte stresses that, although Allianz's additional 3.2 per cent share in Dresdner appears negligible, it is enough to "effectively control" the bank with the help of an intricate web of crossholdings.

But it is Allianz's ability to prevent Dresdner from entering the insurance business which lay at the heart of the Cartel Office's case, he argues,

since the result is economically undesirable restricted competition.

"In a strategic alliance one or both of the partners want to assure that the other cannot have an affair with a stranger. But we cartel officials are more for free love," he quips.

The probe into the Allianz stake in Dresdner was made possible because of an amendment to federal cartel law two years ago, which allowed the Cartel Office to launch an investigation even when a company holds less than 25 per cent in another one - provided, however, that it results in "substantially" reduced competition.

By far the most important decision in Mr Kartte's 16-year presidency - prior to the move against Allianz - was the Cartel Office order in 1989 prohibiting Daimler-Benz from taking a majority stake in the MBB aerospace and defence company.

The Cartel Office argued that the merger would lead to a market-dominating position for Daimler-Benz and MBB in German defence production. However, the ruling was overturned by Mr Helmut

Hausemann, then economics minister, whose decision was final.

Mr Kartte says that it was a "political decision" which he accepted, warning that with it Bonn assumed a "moral responsibility" for the merger.

The active Mr Kartte keeps a watchful eye on "interrelationships" within the world's leading car manufacturers.

No investigation of car-makers is planned for the foreseeable future, Mr Kartte admits, but the Cartel Office has to be "prepared" if the opportunity arises.

The preparations will, no doubt, take into account the lessons learnt by the office during its price collusion case against the international oil companies in the 1970s, which collapsed because most of the evidence was beyond the reach of the Berlin cartel busters.

Only last year he was rebuffed by the European Commission for trying to prevent Volkswagen from joining Ford in a "strategic alliance" to produce vehicles in Portugal.

The EC's approach to large mergers and alliances has made his job even more difficult



Wolfgang Kartte: made his mark in the cartel office

cult than when he took office in 1976. Undeterred, however, Mr Kartte has proclaimed "strategic alliances" as a challenge to cartel law" as the theme of the international conference on cartels, which he

towards depressed east Germany.

He is particularly concerned that the DM180bn (\$108.7bn) in transfers to the east this year will go mainly into consumption, although he pointedly adds that "politically" it was the only thing that could be done.

Similarly, he agrees that while the rescue of east Germany's shipbuilding and chemicals industries made no sense in purely economic terms, "you cannot give them up without losing the next election".

Mr Kartte's successor, to be named by Mr Jürgen Möllemann, the economics minister, is expected to be Ms Karin Pieper, the low-profile head of the legal department of WDR, West German TV & Radio in Cologne.

Meanwhile, the restless cartel chief is utilising his remaining months in office to act as a part-time adviser to the Russian parliament.

Commuting to Moscow every few weeks, he is helping the Russians draw up company law while acting as a self-styled "catalyst" between the Russians and his wide contacts in German industry.

Poland keeps grip on budget spending

By Christopher Bobinski in Warsaw

POLAND'S new government is keeping a tight grip on budget spending as first quarter inflation is running at lower-than-expected levels.

Figures from the Central Statistical Office show the deficit reached Zl 10,450bn (\$765m) at the end of March, Zl 7,500bn less than the ceiling fixed by parliament for the first quarter. The budget deficit is one of the key indicators the International Monetary Fund will be considering in forthcoming talks with the Poles; it is insisting that the figure not exceed Zl 65,000bn for the year.

The talks are aimed at agreeing new performance criteria and should lead to the release of new tranches of a \$1.6bn extended facility suspended when the previous government allowed the deficit to exceed agreed targets.

The lower-than-expected deficit comes despite a 10 per cent shortfall in first quarter revenues and was achieved thanks to a sharp 17 per cent cut in planned spending. This policy of cutting spending will come under strain in coming months as state sector industrial profits, which are the main source of revenues, continue to weaken despite a growth in sales in March.

Consumer prices in the first quarter rose by 12.7 per cent compared to the last three months of 1991, or a couple of percentage points below expectation. The results also show a sharp 17 per cent rise in industrial sales in March compared to February when sales had already begun to show signs of improvement. March saw unemployment decline for the first time since free market reforms were introduced in 1990. It fell 25,000 to 2.2m. However, this probably reflects changes in rules on benefit entitlement.

Figures for foreign trade are unavailable but the rise in industrial sales could reflect a growth in exports as a recent 12 per cent devaluation of the zloty begins to work through.

Russia leads world in road-death figures

RUSSIA, a late-starter in the age of the car, has soared to a leading place in the world's statistics for road deaths, Reuters reports from Moscow.

Authorities said yesterday that Russia's traffic carnage matches its size as the world's biggest country. Sixteen out of every 100 people injured in car crashes die; Mr Vladimir Fyodorov, head of the Interior Ministry Traffic Police Department, told a news conference.

The figure is several times higher than the 2 to 7 per cent average for the rest of the world.

But Mr Fyodorov said a lower proportion of Russians were injured in non-fatal car accidents.

"Accident reports in the west usually show large numbers of

crashes with very few people killed. With us, it's the other way round," he said. "We are falling far behind the civilised world in traffic security."

Traffic police analysis shows that 0.14 per cent of the Russian population were injured in car crashes last year. Comparative figures for west European countries show a higher 0.5 per cent. But 0.025 per cent of Russians are killed in the accidents, compared with only 0.016 in western Europe.

Mr Fyodorov blamed the extremely high death rate on poor road conditions, an inadequate ambulance service and lack of modern communications.

"We sometimes get news of a traffic accident from passing drivers hours after it happened," he said.

Ukraine's budget sets tight deficit target

By Chrystia Freeland in Kiev

THE Ukrainian government yesterday unveiled a budget with an ambitious deficit target of just 2 per cent of gross national product this year in an attempt to meet stringent International Monetary Fund requirements.

Mr Hryhorii Platachenko, the republic's finance minister, is trying to bring Ukraine's rising deficit under control by slashing social welfare spending and subsidies to enterprises and by raising taxes. The budget deficit overran its target by five times last year.

The sight of victims of the Chernobyl nuclear disaster demonstrating outside the parliament against a cut in the generous government aid to which they are entitled showed the IMF medicine will be a bitter pill for the Ukrainian public. But government officials

CONFUSION OVER RETURN OF NUCLEAR ARMS TO RUSSIA

A LEADING Ukrainian parliamentarian yesterday insisted that his republic would not resume shipping its tactical nuclear weapons to Russia, even though Ukraine's foreign minister said last week that it would, writes John Lloyd in Moscow and Chrystia Freeland in Kiev.

A Russian foreign office spokesman confirmed that no missiles had been transferred since the announcement last week by Mr Anatoly Zlenko that the weapons would be

returned following international pressure on the country.

Mr Mykola Porovsky, deputy chairman of the Ukrainian parliament's defence committee, said that "Mr Zlenko's statement was a general statement, not specifically to do with tactical weapons. We will not ship them to Russia until there is a system of international verification for their destruction. Such a system would require western and Ukrainian participation."

were confident parliament would approve the budget this week. It calls for spending of Rhs458.4bn and revenue of Rhs441.3bn. Subsidies to state enterprises account for 25 per cent of expenditure. The army, numbering more than half a million and of growing political importance as tensions between Ukraine and Russia increase, is the next biggest

market economy." He supported a proposal from parliament's budget commission to keep taxes down by reducing subsidies to state enterprises. "The money should be left with the population. ... The people can decide for themselves what to buy."

Ukrainian officials hope the budget will receive "high marks" from the IMF. Ukraine must now obtain the Fund's approval for the republic's economic reform plan, which officials hope to achieve when a high-level IMF team comes to Kiev later this month.

Spain is to grant Ukraine a \$250m credit line to encourage trade between the two countries, Mr Francisco Fernández Ordóñez, the foreign minister, said yesterday, Reuters reports from Madrid. He was speaking at Madrid airport en route to Russia and Ukraine for an official visit.

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NEWS: INTERNATIONAL

Peace beckons as Afghan opponents forge links

SOME OF the divisions which have rent Afghanistan during 13 years of civil war seemed to be disappearing yesterday as heavily armed mujahideen guerrillas linked up with government forces to guard strategic positions on the once dangerous highway linking Kabul to Jalalabad near the Pakistan border.

At the entrance to the Kabul gorges where the road plunges between high cliffs, Nassir Mohammed, a young guerrilla fighter from the Harakat group, said: "Mujahideen forces are here to combine with the army to bring peace to Afghanistan. We are not here to fight."

In a nearby hut, Colonel Ali Jan of the Tsarandoy, a paramilitary unit under the ministry of defence, said he had been told two days ago to co-operate with the mujahideen.

Grimacing as he sat opposite several mujahideen - all carrying automatic weapons or rocket launchers

- he said: "A year ago I would have killed them. A year ago I did kill one."

Asked whether he would serve a mujahideen government if this was formed in Kabul, he said: "If it follows Islamic practice, then we will support it more than we did (President) Najibullah's regime or that of the king."

Both at Tange Pole Charqui, about 20km outside Kabul, and further down the Kabul gorge - the scene during early years of the war of devastating attacks by guerrillas on Soviet convoys - there were plenty of signs of mujahideen groups working together and across ethnic divisions.

Present in the area were units of the Jamiat-i-Islami (controlled by Ahmad Shah Masood, now the main mujahideen leader), Harakat, and the Khalis Yunus group of the Fathan Abdul Haq.

At several points along the road

'We are not here to fight,' a young guerrilla tells David Housego in Tange Pole Charqui, Afghanistan

were burnt-out remains of army tanks and armoured personnel carriers.

At Mahayapur, a bus passed with mujahideen riding on the roof under orders to work with the army in reinforcing security around the southern perimeter of Kabul.

The reinforcements are intended as a safeguard against a threat of attack by Mr Gulbuddin Hekmatyar's Hezb-i-Islami movement who are resisting Mr Masood's domination of a post-war administration. But the Hezb look increasingly isolated and lack the strength to impose their will.

At Mahayapur, there was a moment of tension when the rattle of automatic fire echoed across the gorge. But it turned out to be a young mujahideen testing his weapon.

Mujahideen occupying a roadside house from which the roof had been blasted said they had only taken up the position yesterday. "We are under orders not to fight but to work with the army," said one.

As yet no mujahideen have moved into Kabul where the army and police still operate on their own.

In the hectic consultations to set up an interim administration that

could take over from the government, Mr Benon Sevan, the UN special envoy, yesterday met Rashid Dostan, head of the Uzbek militia, in north Afghanistan and 50 other commanders who are part of Mr Masood's northern-based coalition.

Near Pole Charqui, we passed prisoners just released from the nearby jail - one of the largest in the country and used both for political prisoners and captured mujahideen.

Mohammed Sharif, 32, who had been imprisoned for two and a half years, said he had only heard of his release two hours previously. He had been an officer in the paramilitary forces who had also worked for Mr Masood's Jamiat-i-Islami.

In pouring rain he took off his socks to show how his toes had been torn off under interrogation.

About 1,500 prisoners have been released this week in an effort to encourage compromise and reconciliation. "Now the government know

that they put nationalists in prison," he said. "They were in the wrong, not us," he said.

Barriers between the security forces and the mujahideen could disappear more rapidly than many people think because of the family links between the two.

"All my relations were in the mujahideen," said Colonel Ali Jan of the Tsarandoy. Asked if he helped them during the war, he said: "Naturally I did," recalling an incident at nearby Sarobi where he provided a mujahideen unit with medicines, tea and sugar.

Meanwhile, reports from Kabul yesterday said there were soldiers on the streets while shops were open and traffic moved normally.

But there was an air of expectancy as people waited to see which way events would turn. Grounded aircraft and helicopters at the airport reflected the suspension of military operations against the mujahideen.

Keating treads carefully in Indonesia

By William Keating in Jakarta

THE visit by Mr Paul Keating, the Australian prime minister, to Indonesia had an unsettled start yesterday when President Suharto reiterated concern at foreign interference in his country's domestic affairs.

In a banquet speech last night, President Suharto said Indonesia would not accept "comment and criticism that only exaggerates the backwardness of our national development effort and interferes in our domestic affairs".

"Every nation and state has a level of dignity that is not open to bargaining," he said.

Earlier in the day, Mr Keating had met Mr Ali Alatas, Indonesia's foreign minister. Diplomats in Jakarta said Mr Keating raised the issue of East Timor, the former Portuguese territory which Indonesia forcibly annexed in 1976.

Last November, up to 150 civilians were killed in East Timor when soldiers opened fire on pro-nationalist demonstrators.

Australia recognises Indonesia's annexation of the territory, but diplomats said that Mr Keating suggested East Timor might be granted special territory status. He also questioned whether East Timorese nationalists currently on trial should be prosecuted under criminal law for their political offences.

Such suggestions are likely to be viewed by Indonesian officials as an intrusion in internal affairs.

In his banquet speech, Mr Keating adopted a softer line and said he "respected Indonesia's determination to pursue an independent course in the world". He praised President Suharto for having "dramatically improved living standards in your own country, and contributed to wider regional stability".

Mr Keating's four-day trip, his first abroad as prime minister, has been flagged as a move by Australia toward greater economic and political co-operation with Asia. "Each of us is the other's best test of how effectively we will be able to deal with the social and political diversity... which will mark our region in the 1990s," he told President Suharto.

Australia compensates for sell-off

By Kevin Brown in Sydney

THE state government of New South Wales (NSW) yesterday announced a tax compensation agreement with the Australian federal government paying the way for several proposed privatisations.

Mr George Souris, privatisation minister in the state's conservative government, said Canberra had agreed to write off \$450m (\$167m) of NSW debt to allow privatisation of the NSW Government Insurance Office (GIO).

The debt write-off is intended to compensate the state government for the loss of corporate income tax from the GIO. Under a long-standing arrangement between the federal and state governments, state-owned businesses are exempt from federal income tax, but are required to pay an equivalent sum to the state.

The agreement, which is the first of its kind, overcomes a significant obstacle to the privatisation of state government assets by compensating for the loss of tax revenue.

It is likely to pave the way for similar compensation for other state government assets listed for privatisation - notably the State Bank and electricity generation industry in NSW.

Mr Souris said the agreement was "vital" to the successful privatisation of the GIO, Australia's fifth largest domestic insurance company, which is expected to raise up to \$1.8bn in a flotation later this year.

He said the bulk of the debt write-off would comprise \$350m reflecting the estimated net present value of GIO's projected tax payments to the state over the next five years. The remaining \$100m would compensate the state government for deferred tax liability accumulated by the GIO Life Fund.

The debt write-off is equivalent to about 0.7 per cent of the state government's total debt of \$47.6bn.

The federal government confirmed that a deal had been reached in principle between Mr John Dawkins, the treasurer, and Mr Nick Greiner, the NSW premier.

Mideast talks move to Rome

By Roger Matthews, Middle East Editor

MIDDLE EAST peace negotiations will move to Rome after the next round of talks, which are scheduled to open in Washington on Monday, the US State Department announced yesterday.

The new venue represents a modest step forward in resolving the procedural difficulties which have delayed consideration of substantive issues.

Syria, Jordan, Lebanon and the Palestinian delegation had strongly resisted Israel's efforts to site the talks closer to the Middle East. They felt it was to their advantage to hold the early bilateral sessions in the US where pressure from the administration and the attention of the media worked to their advantage.

In order to break the deadlock, the State Department asked each delegation to submit a list of acceptable venues. Rome was common to the five lists. No date has been set for the first meeting in Italy and may have to await the outcome of the general election in Israel on June 23.

Hurd pleads Kurds' case in Turkey

By John Murray Brown in Ankara

THE UK foreign secretary, Mr Douglas Hurd, yesterday met Turkish leaders in Ankara in a bid to secure Turkish backing for continued allied protection of the Kurds of northern Iraq.

The visit is seen as particularly urgent after the allied demarche to Iraq last week to remove missile batteries and end its radar illumination of allied aircraft.

The foreign secretary also indicated that Turkey had given approval for a possible strike against Iraq, which, he said, was implicit in the terms of the demarche. Mr Hurd said the demarche was made with the full knowledge and acquiescence of the Turkish government.

Son of Hyundai founder held

By John Burton in Seoul

SOUTH KOREAN prosecutors yesterday arrested a son of the founder of Hyundai as the government continued its feud with the country's second largest conglomerate.

Mr Chung Mong-Hun, the vice-chairman of Hyundai Merchant Marine, was arrested for tax evasion after a two-week investigation of Korea's biggest shipping company.

Prosecutors said they originally suspected that some of the Won11.2bn (\$14.5m) that was hidden from tax authorities was used to finance the anti-government Unification National Party (UNP), but they found no evidence to support this theory.

Islamic leader stays in jail

Algerian judges yesterday threw out a charge that Islamic Salvation Front leader Abdelkader Hachani urged troops to disobey orders, but left him in prison on a lesser charge, his lawyer said, Reuters reports from Algiers.

Mubarak discerns 'ray of hope' after Gadaffi talks

By Tony Walker in Cairo

PRESIDENT Mubarak of Egypt emerged yesterday from talks in a tent near the Libyan-Egyptian border with Colonel Muammar Gadaffi and declared there was a "ray of hope" for an end to the crisis between Libya and the west over the downing of two airliners.

"We are consulting with a lot of parties. We hope to find a way out to bring things back to normal," Mr Mubarak told reporters, without elaborating.

Earlier, Col Gadaffi riding in an open white Cadillac and accompanied by some 30 vehicles carrying aides and female bodyguards, had swept theatrically into Egypt for his meeting with Mr Mubarak.

The talks took place inside a military airbase at Sidi Barani, 75 km east of the border town of Saloum.

It was the Libyan leader's first high-level encounter with a fellow-Arab ruler since

United Nations sanctions, including an air and arms embargo, came into force last Wednesday.

It was not immediately clear whether the meeting would yield any fresh ideas to resolve the crisis.

In remarks to reporters, Mr Mubarak warned against a military solution, saying that such an approach would merely "increase dangers and complicate matters".

"I don't think there will be extra measures [against Libya] soon, but I hope that we could reach a solution before any extra measures," he declared.

Egypt's president has had a series of meetings with Col Gadaffi aimed at resolving the dispute over Libya's continued refusal to yield nationals suspected of involvement in the 1988 and 1989 bombings of American and French airliners.

With more than 1m Egyptians working in Libya, Egypt fears that if the crisis continues to fester, open conflict might

ensue, destabilising Libya in the process.

Cairo has urged Libya to hand over the two men accused of bombing Pan Am flight 103 over Lockerbie, Scotland, for trial in either Britain or the US, but Tripoli, after indicating that it might be prepared to do so, has repeatedly balked at the last moment.

Libya has also been resisting French attempts to gain access to four Libyans, including Col Gadaffi's brother-in-law, for questioning in connection with the blowing up of a French UTA flight over Niger.

Tripoli has said it might be prepared to yield the two men accused of the Pan Am bombing in which 270 people died, but has sought to impose conditions. The US and Britain have said repeatedly that their surrender must be unconditional. Libya has also proposed handing the suspects to a "neutral" country such as Malta for trial, but this has been rejected.

Burma's refugees await their fate as camp conditions worsen

By Carol Rose in Dhaka

ON THE EVE of negotiations to determine the fate of more than 200,000 refugees who have fled from Burma to Bangladesh, United Nations officials said the refugee camps are in crisis.

More than 2,000 refugees are flooding across the border daily and 96,000 people have inadequate shelter. Aid workers warn of a cholera epidemic when the monsoon arrives shortly.

Burma's foreign minister, U Ohn Gyan, is due to arrive in Dhaka, the Bangladeshi capital, tomorrow as part of a six-day visit to resolve the refugee problem.

The government of Bangla-

desh has proposed a tripartite commission combining the UN and the Burmese and Bangladeshi governments to return the refugees.

Mr Boutros Boutros Ghali, UN Secretary-General, has said that "an agreement in principle has been obtained" to repatriate the refugees. However, many refugees say they will die in Bangladesh rather than return to Burma under the present military regime.

Most come from two districts of Arakan state just beyond the Bangladeshi-Burmese border, where Rohingya Muslims are in the majority.

The refugees say they are fleeing because soldiers of Burma's military junta, the State Law and Order Restoration

Council (SLORC), have forced young men into slave labour, raped Rohingya women and transferred Rohingya land and possessions to Buddhist Burmese in Arakan.

A recent survey by the United Nations High Commissioner for Refugees showed that 86 per cent of the male refugees said they had been conscripted into forced labour. Forty-six per cent of female family members reported they had been raped, 53 per cent of the refugees could name persons killed by the Burmese military and 90 per cent said their property had been confiscated.

The 12 refugee camps are squeezed into only 670 hectares of dry land south of Dhaka.



A protester hurdles iron barriers yesterday during an opposition party rally in Taipei.

Taiwanese demonstrators stage sit-in

NEARLY 20,000 protesters took to the streets in Taiwan demanding direct presidential elections during three days of rallies organised by the island's main opposition party, the DPP, writes Luisa Mendi in Taipei.

The protests were scheduled to end by midnight yesterday, but the protesters staged a

sit-in in central Taipei, saying they would not move until the ruling Kuomintang (KMT) agreed to direct election of the president, currently chosen by the National Assembly.

The issue highlighted deep divisions within the KMT leadership last month, but a decision was deferred until 1995 at the latest. KMT deputies in the

National Assembly, which is currently in session to amend the constitution, have been ordered to shelve the issue.

The demonstrations were largely peaceful, although scuffles broke out with police when DPP National Assembly deputies arrived at the presidential palace demanding to see the president.

Suchinda's honeymoon may end before it begins

Peter Ungphakorn in Bangkok examines the problems already besetting Thailand's new government

OPPOSITION parties have warned that there will be no honeymoon for the new Thai government of General Suchinda Kraprayoon, the former army commander. They are almost certainly right.

An estimated 30,000 people, demonstrating on Monday in central Bangkok plaza near both parliament and Supreme Command headquarters, applauded loudly as elected leaders from four opposition parties called for Gen Suchinda's resignation. Some of the speeches were uncommonly blunt.

One speaker pointed out Gen Suchinda's dubious distinction of being the first of 19 prime ministers since the end of absolute monarchy in 1932 to have been the target of demonstrations even before he made his first policy statement to parliament.

Gen Suchinda was de facto leader of last year's coup, which led to a 15-month government led by an appointed civilian prime minister, Mr Anand Panyarachun, whose administration was largely clean and competent. Now, following the March 22 general election in which Gen Suchinda did not stand, he is himself prime minister at the head of a government including many of the ministers he overthrew ostensibly because of their alleged corruption.

Critics of the military say that the election, which saw widespread vote-buying, represented a second coup on the sly. Far from being a return to democracy, they say, the election became another step in the ascendancy of the group of

officers known as Class 5, the fifth class to graduate from the military academy under the revised post-Second World War curriculum.

Within the military, membership of a clique, usually based on a graduation class, can be all-important. And the consolidation of Class 5's power is probably unprecedented in recent history, even through rivalries within it cannot be ruled out.

The staunchest critics warn that a third "coup" would be possible if members of the government coalition demand too much influence or money in return for their support. The president, they say, would be 1971, when the strongman of the day staged a coup "against himself" to get rid of a troublesome parliament.

This analysis is debatable because Thailand has changed. Unlike in the 1970s, Gen Suchinda has had to resign from the army. Public opinion forced

the drafters of last year's constitution to drop a provision that would have allowed serving government officials to hold cabinet posts.

Nevertheless, Class 5's strength is clear. Gen Suchinda has been replaced as army commander by his brother-in-law and former classmate, General Issarapong Nopphakul, who was interior minister in the post-coup government. His successor is a Class 5 former air force officer, Air Chief Marshal Anan Kalinhtha.

Gen Suchinda's successor as armed forces supreme commander is another Class 5 graduate, Air Chief Marshal Kasat Rojanasani, who played an important part in the creation of the pro-Class 5 party, Samakkhi Tham (Justice Unity), and in bringing together the five-party coalition that supports Gen Suchinda.

When parliament convened for its first debate last Thurs-

day, the opposition wore black to mourn the demise of democracy. Outside, a former member of parliament had been on hunger strike for a week. On Sunday, Bangkok's voters, in the election for the capital's governor, gave 85 per cent of their votes to two candidates representing anti-military parties. By Monday's mass public demonstration, the lone hunger striker had been joined by more than 40 others.

Members of the five-party coalition supporting the new prime minister have been forced into a corner. In the general election campaign, they proclaimed their democratic principles by pledging that the leader of the largest party would head the government. This turned out to be Mr Narong Wongwan, who was immediately engulfed in controversy when it was revealed that last year he had been refused a visa to enter the US for allegedly being associated

with drug smuggling. The coalition then chose Gen Suchinda and faced another round of criticism. Gen Suchinda had himself broken his pledge not to seek the premiership.

Coalition members deny that their support is undemocratic, arguing that their 15 seats in the 380-seat House of Representatives allows them a mandate to support any prime minister as long as they do not violate the constitution. Some younger MPs considered to be among the better-abled members of the coalition have pleaded with the public to give the new government a chance.

Gen Suchinda has repeatedly stressed that his priority is to make sure that the economy continues to be run properly in order to maintain investor confidence and Thailand's position as one of the world's fastest-growing economies.

The reappointment of an unelected technocrat finance minister, Dr Suthee Singhasa-

neh, and Gen Suchinda's choice of economic advisers suggest that fiscal and monetary caution will continue. Priorities are likely to remain the avoidance of inflation, balance of payments problems and excessive debt.

Gen Suchinda has also announced that he will continue with the junta's declared objective of reducing corruption. However, the fact that he has been forced to appoint ministers with questionable backgrounds is seen as an indication of his limited bargaining power. Much will hinge on the discipline of the coalition parties; some factions disappointed by not gaining cabinet posts are already threatening trouble.

Much will also depend on the behaviour and unity of Class 5. Questions are beginning to be raised concerning the ambitions and numerous family connections of the new army chief, Gen Issarapong. And Air Chief Marshal Kasat has made no secret of his own political ambitions. The air force chief also has numerous business interests, including chairing the boards of Thai Airways International and the company that imports Hyundai cars.

When he took over as supreme commander he is reported to have pledged to continue the tasks begun by Gen Suchinda and to keep out of politics. One observer responded: "Gen Suchinda had better watch his back." The comment was a joke, based on Gen Suchinda's previous pledges to stay out of politics, but, still, there was the ring of truth as well.

Political worries depress investors

By Victor Mallet in Bangkok

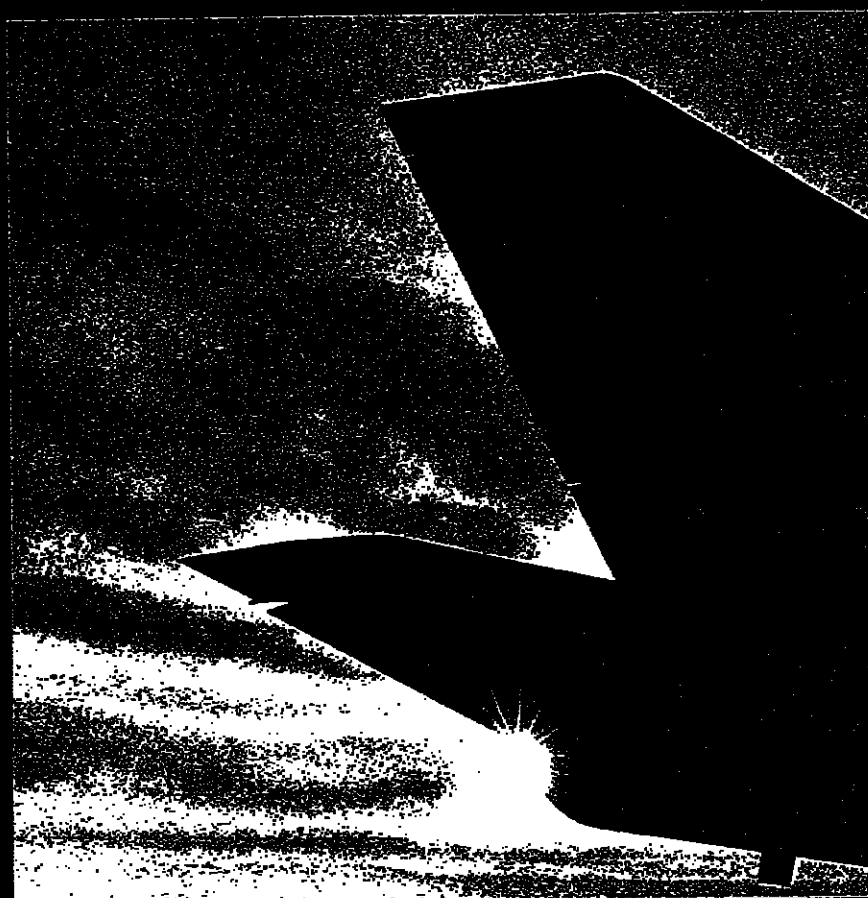
SHARE prices on the Stock Exchange of Thailand fell sharply yesterday as local investors expressed their concern about the stability of the new government led by Gen Suchinda Kraprayoon, prime minister and former army commander.

The SET index fell 23.75 points, or nearly 3 per cent, to close at 755.09, after a fall of 14.04 points on Monday.

Yesterday's bout of selling followed a peaceful rally in central Bangkok on Monday night by an estimated 30,000 opponents of the government and a suggestion by Air Chief Marshal Kasat Rojanasani, the supreme commander, that he would ban such demonstrations if they caused trouble.

Company results and official forecasts show the Thai economy to be in good shape - economists predict real growth of about 8.5 per cent this year - but Thai speculators have taken fright at the possibility of a showdown between the military establishment and civilian opponents.

"There haven't been paying attention to the New York or Tokyo markets," said a stockbroker. "It's really just concern and uncertainty over instability and the government."



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Successful completion of the Uruguay Round is seen as a 'prerequisite for world economic growth and prosperity, and therefore for jobs'

progress towards the ultimate removal of protection of manufactured goods would lead to a more even spread of world prosperity.

"We do so much exporting that it's vital to us," said Alf Powis, chairman of Noranda, the Toronto-based resources and industrial group. Mr. Red Wilson, president of the Montreal telecommunications holding company BCE, said that while BCE was unsure how it might be affected by lower barriers to international telecommunications, "we'd rather talk about opportunities to liberalize than not talk about them."

Reporting by Bernard Simon in Toronto, Nikki Tait in New York, Derek Martin and Nancy Dunne in Washington, Dorothy MacIsaac in Ottawa, Peter Harris and Neil Buckley in London, Elio Simonian in Milan and Christopher Parkes in Bonn.

NEWS: AMERICA

Economic management thrown into chaos by President Fujimori

Peru's austerity plan at risk as minister quits

By Leslie Crawford
in Santiago

PERU'S economic management was thrown into turmoil yesterday with the resignation of Mr. Carlos Bolfoña as finance minister and President Alberto Fujimori's dismissal of the central bank's governing board.

However, Mr. Jorge Chavez, governor of the central bank, said he would not submit to the president's orders. "It is my duty to defend the autonomy of the central bank," Mr. Fujimori will have to remove me by force."

At the Finance Ministry, Mr. Bolfoña's aides said he had presented his "irrevocable" letter of resignation to the president but that Mr. Fujimori had not accepted it.

Mr. Bolfoña was not available for comment.

He is the second member of the cabinet to resign since Mr. Fujimori seized dictatorial powers two weeks ago. Mr. Alfonso de los Heros resigned as prime minister on the night Mr. Fujimori closed down Congress and the judiciary and installed a "military-backed emergency government".

Mr. Bolfoña's decision to quit follows a fruitless trip to Washington last week in which he failed to convince the US Treasury, the World Bank and the Inter-American Development Bank to resume economic aid to Peru. He was told there would be no help forthcoming until Mr. Fujimori restored democracy.

Creditor nations and the IADB have frozen more than \$1.5bn (\$840m) of debt relief and development grants in condemnation of Mr. Fujimori's palace coup.

Peru now faces a balance of payments crisis, as it needed foreign aid to clear its debt arrears with the International Monetary Fund and other multilateral agencies.

Mr. Bolfoña's resignation may also signal that Mr. Fujimori is preparing to abandon an IMF-

inspired austerity programme that had placed the government's finances in order and curbed inflation from a monthly 80 per cent two years ago to about 5 per cent now.

Mr. Fujimori is under pressure to raise military expenditure and adopt more populist economic measures to retain the loyalty of the armed forces and the majority of poverty-stricken Peruvians who supported the coup. Mr. Fujimori last week pledged more than \$30m to improve Lima's sprawling shanty towns and promised industry a \$300m credit line to help jump-start the economy.

The armed forces on Monday reaffirmed their support for Mr. Fujimori in an effort to stifle a bid by the disbanded Congress to set up a rival government.

Congress yesterday swore in Mr. Maximiliano San Roman, the former vice-president, as the head of Peru's "constitutional government". This leaves Peru with three men claiming the presidency — Mr. Fujimori, Mr. San Roman and Mr. Ahimael Guzman, leader of the Sendero Luminoso (Shining Path) guerrillas, who is known as "President Gonzalo".

Mr. San Roman's investiture will pose a diplomatic problem for a delegation of the Organisation of American States now visiting Lima. The OAS is on a peace mission to try to reconcile Mr. Fujimori and the disbanded Congress. It will also attempt to persuade Mr. Fujimori to adopt a rapid timetable for the restoration of democracy.

In an attempt to mollify international opinion, Mr. Fujimori has announced that municipal elections will go ahead as planned in November. He has also called for a "national dialogue" to begin on May 1.

Congressmen have already rejected his proposal, saying they will recognise only Mr. San Roman as the constitutional president of Peru.

Disgraced mayor may revive career

MR. Marlon Barry, the 56-year-old former mayor of Washington, will be released from prison tomorrow after serving six months for cocaine possession, Reuter reports from Washington.

Political analysts expect Mr. Barry, a former civil rights leader, to try to resurrect his political career by running for one of 13 Washington city council seats in this year's elections.

He is able to do this as he was convicted of only a misdemeanor, not a felony which would have disqualified him from holding public office.

But an election win is not certain for Mr. Barry. Once considered unbeatable, with a nickname of "mayor for life," he lost badly when he ran for a city council seat in 1990 after his conviction and before sentencing.

Nevertheless, a band of supporters plans to escort Mr. Barry back to Washington in a bus caravan from a federal prison in Loretto, Pennsylvania, where he spent the last few months of his jail term.

US rocket scientist sentenced

A LOS ANGELES rocket scientist has been sentenced to 30 months in prison and fined \$250,000 (\$143,000) for selling classified US software used in the "Star Wars" weapons programme to Japanese and South African concerns, Reuter reports from Los Angeles.

After sentencing Mr. Ronald Hoffman on Monday, a federal judge freed him on \$1m bail pending an appeal.

Mr. Hoffman, 53, a former employee of Science Applications International Corp. of Century City, California, helped develop the software, known as the Contain System, for the US Air Force.

Prosecutors said Japanese companies and South African agents paid Mr. Hoffman about \$750,000 between 1986 and 1990 for the technology, which Mr. Hoffman had claimed was not covered by US arms export restrictions.

The software is used to research and develop the US Strategic Defence Initiative, the so-called Star Wars project aimed at creating an anti-missile space shield.

Polls fuel Perot's presidential hopes

By Jurek Martin, US Editor,
in Washington

MR. Ross Perot, the Texas businessman, will apparently go ahead with his independent candidacy for US president.

"The decision is made. I made a commitment to the American people," he said in an interview yesterday. Earlier Mr. Perot had said he would run if his supporters could get him on the ballot in every state, a process as yet incomplete.

Mr. Perot may be influenced by several polls suggesting he would be a real factor in the presidential race. This runs against the history of most independent candidates, which tend to bloom in spring before withering.

The greatest concern to President George Bush and Mr. Bill Clinton, the Republican and Democratic runners, is probably less that Mr. Perot would win outright than that he might tip the bal-

ance in some states.

A Texas poll published yesterday, for example, found he could win the critical Lone Star state. The survey gave him 35 per cent to 30 per cent for the president, who calls Texas home, and 20 per cent for Mr. Clinton, from neighbouring Arkansas.

The White House promptly dismissed the significance of the poll, saying Mr. Perot was still enjoying a "political honeymoon" that might not stand up to scrutiny. A spokesman predicted Mr. Bush would carry Texas.

Another national poll in Newsweek magazine found Mr. Perot's support in retreat; it gave him 20 per cent, down from 34 per cent at the start of the month. Mr. Bush was given 43 per cent (from 44 per cent) and Mr. Clinton 27 per cent (25 per cent).

This survey also found Mr. Perot doing better in the west of the country (27 per cent) than in the south (17 per cent).

Abortion issue again before Supreme Court

Controversy is heightened in election year, writes Jurek Martin

THE US Supreme Court today once again turns its attention to the controversial question of abortion. Whatever it determines when it hands down a judgment in two or three months' time will certainly have an impact on a woman's constitutional right to terminate a pregnancy. It may even affect the outcome of this year's presidential election.

The court is to hear arguments on the constitutionality of a 1998 law passed in Pennsylvania, a strongly Catholic state. This places several restrictions on the right to abortion, including waiting periods and obligations on doctors to advise of alternatives, on minors to obtain the consent of at least one parent or a judge and, in most cases, on women to notify their husbands in advance.

The Bush administration has already filed briefs with the court in support of the law. It is opposed by the pro-choice movement, which fears that the right to an abortion, laid down in the landmark Roe vs Wade ruling of 1973, is in the process of being legally whittled into extinction.

Roe vs Wade established the "fundamental" constitutional right. It also stipulated that any restrictions on abortion imposed by the states would be subject to "strict scrutiny". Subsequent legal challenges

have been designed to test this framework, rather than the principle, and this appears to be the case with the Pennsylvania law, though President George Bush is on record as wanting Roe vs Wade overturned.

The composition of the nine-member court has changed greatly since 1973, when Roe vs Wade was passed by seven to two. Of the current justices, only Harry Blackmun, a Nixon appointee and author of the judgment, and John Paul Stevens, elevated under President Gerald Ford, have consistently come out in favour of the basic right to an abortion.

The other seven, all but one Republican appointees, are presumed to favour restrictions, if not necessarily outright repeal of the law. Mr. Bush has made a pro-life commitment a requirement of any judicial nomination he makes. His administration has also withdrawn US funding for several international family planning programmes.

The record of the court in recent years has been not to make sweeping law but to claw back through narrow interpretations some of the more interventionist legal edicts handed down in its great liberal activist years, which began with its school desegregation order of



Justice Clarence Thomas: the judge's vote in court could have an effect on the way the country votes later

1954 and lasted through the mid-1970s. In general, the court has preferred to cede authority to the states, as it did in several rulings on Monday.

Most experts, therefore, expect the court to uphold the Pennsylvania law, but not to bite the bullet of repealing Roe

vs Wade outright. This would eventually lead the court to considering several other cases involving state restrictions on abortion now working their way through the lower courts.

If it took the course of throwing out Roe vs Wade, probably at least a dozen states would

pass laws banning abortion outright. Congress would then almost certainly get into the fray by seeking to pass a law negating the repeal, thus inviting a presidential veto and provoking a constitutional crisis.

Either way, the issue will be elevated into even greater public consciousness, if that is possible. Washington this month saw a great march, of as many as 1m people, in favour of a woman's right to choose; yesterday, Buffalo, New York, was braced for possible violence as the pro-life movement began picketing an abortion clinic in the city.

Though abortion has long been a question provoking passion on both sides, it has not been a big determinant in presidential elections. However, this year an uncertain electorate looking around for reasons to vote one way or the other may consider it more important than in the past.

The political divisions are clear. All those who have competed for the Democratic party's presidential nomination believe in choice, as does Mr. Ross Perot, the Texas businessman who is expected to run as an independent. The Democratic party will go into the election campaign with this commitment in its platform.

The provisional Republican

party platform, echoing that of 1988 and, now as then, mostly drafted by the right wing, calls for a constitutional amendment banning abortion, which is probably rather further than some of Mr. Bush's more cautious political advisers would like to go. A floor fight at the party's nominating convention in August might harm the president.

Both sides claim polling evidence that a majority of the country supports, or opposes, abortion, but there has been little real evidence of voter preference either way in this year's primary elections.

However, several prominent Republicans, such as Robert Taft, the former senator from Ohio, and Ann Stone, of the Republicans for Choice organisation, have warned of the electoral dangers of seeking to ban what many Americans now consider to be acceptable, if not desirable. Ms Stone is particularly concerned about the defection of women voters to the Democrats.

In this respect no justice will be under greater scrutiny in the Pennsylvania judgment than Clarence Thomas, whose confirmation to the court last year was surrounded by charges of sexual harassment and indisputably unpopular with women of left and right. His vote in court could indeed affect the way the country votes later.

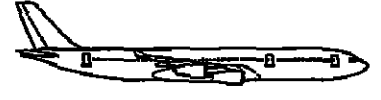
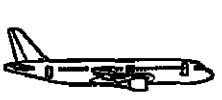
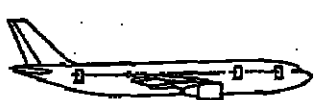
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Civil disobedience call by Scots council leader

By David Goodhart,
Labour Editor

THE LEADER of Britain's biggest local authority yesterday called for "civil disobedience within the law" to put pressure on the government over demands for a degree of self-government to Scotland.

Mr Charles Gray, Labour leader of Strathclyde regional council, called for mass demonstrations and strikes, and did not rule out "civil disobedience outside the law" if Westminster did not respond to calls for changes in the way Scotland is governed.

In a speech to the Scottish Trade Union Congress, Mr Gray said he would not follow government instructions to implement another round of compulsory competitive tendering for local government services. "We cannot accept another swathe of job losses," he said.

Mr Gray was speaking in the debate on home rule, which ended with the STUC backing a motion calling for a "multi-option referendum" on the constitutional question, offering the choice between no change, devolution and independence.

"If this government isn't going to speak to us in the united way we are demanding,

maybe we are going to have to live a little dangerously," Mr Gray said.

"We have had the poll tax, compulsory competitive tendering - where I was witness to thousands of good local government people protected by trade unions being made redundant - and I'm not bloody well going to do it again."

Mr Campbell Christie, STUC general secretary, said the Conservatives had raised the constitution as a central question in the general election. "Seventy-five per cent of the Scottish electorate voted for parties supporting constitutional change. We now want to know when we are going to get that change."

The Rev Norman Shanks, convenor of the Church of Scotland's church and nation committee, told the conference: "There is a mounting groundswell of concern, discontent and frustrated expectations that will not be prepared indefinitely to take no for an answer."

Canon Kenyon Wright, chairman of the executive of the Scottish Constitutional Convention, told the 500 delegates that Scots had voted in the general election for a democratic, devolved, just and sus-

tainable society. "The Government had better listen."

The first large-scale demonstration of public antipathy to Westminster is being planned for the December European summit in Edinburgh.

The STUC also moved yesterday to end the longstanding enmity between the labour movement and the Scottish National Party.

The STUC general council, dominated by Labour party loyalists, decided on Sunday not to invite Mr Alex Salmond, SNP leader, to address the Congress.

But a majority of delegates are clearly in favour of co-operating with the nationalists and the motion passed yesterday called for discussions with all parties ready to "co-operate with or join the Scottish Constitutional Convention." The SNP has said it will not join the convention but is ready to co-operate with it.

Mr Salmond responded yesterday by saying he would be seeking common ground with those of goodwill "including the general secretary of the STUC" whom he has invited to talks. "The SNP is willing to talk to all those who are genuine about holding a multi-option referendum as to how to ensure it is implemented."

Leftwing MPs combine in Labour leadership bid

By Alison Smith

THE RACE for the opposition Labour party deputy leadership widened yesterday as the leftwing Campaign Group of MPs endorsed the nomination of Mr Bernie Grant, MP for Tottenham, north London.

At a meeting at Westminster about 10 MPs from the Group, which claims a membership of around 30, also supported the candidacy of Mr Ken Livingstone, former leader of the Greater London Council, for the leadership.

The fifth MP to join the deputy leadership contest, Mr Grant is unlikely to get the 55 signatures needed for his name to appear on the ballot paper for the election in July, but his candidacy may damage the chances of Mrs Ann Clwyd, MP. Nominations close next Tuesday.

Mrs Clwyd will launch her manifesto for the deputy leadership today. There had been some speculation that the Campaign Group would support her, but the move seems to have faltered over her pro-PR stance.

If Mrs Clwyd, Mr Grant and Mr John Prescott all proceed with their candidacies for the deputy leadership, they might each fail to get the required



Campaign Group ticket: Ken Livingstone and Bernie Grant

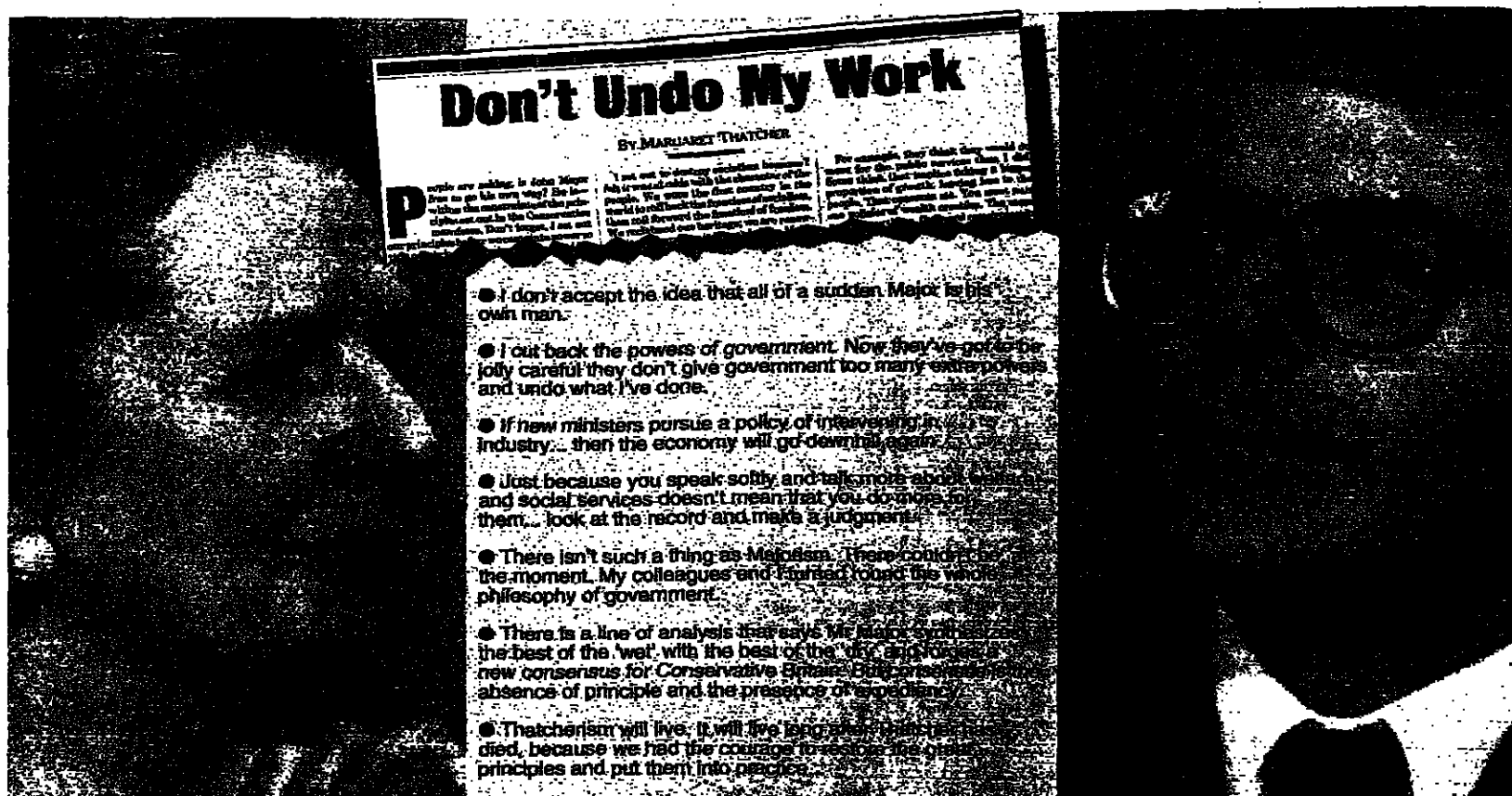
number of signatures, leaving the election to be contested solely between Mr Bryan Gould and Mrs Margaret Beckett.

But Mr Grant, who was elected to the Commons in 1987, said after the meeting yesterday: "We feel the leadership has been stitched up and that there is a need for the party to be given a wider range of choice."

The Campaign Group ticket is the most positive of the leadership campaigns about Labour's links with the unions. "We are offering a choice not an echo," Mr Livingstone said.

"We are committed to keeping the trade union links and rebuilding party membership." He issued a plea to socialists who had "lost heart in recent years" to return and help change the party.

Mr Jeremy Corbyn, MP, secretary to the group, said it supported a ten-point plan which included opposition to pacts with the Liberal Democrats and to proportional representation (PR); withdrawal from the ERM of the European Monetary System; wealth distribution and cuts in defence spending together with the scrapping of nuclear weapons.



Thatcher tells Major: 'Don't forget, I set out our principles'

Mrs Margaret Thatcher's article, appearing in the April 27 issue of *Newsweek*, includes explicit warnings (above) to Mr John Major under the headline "Don't Undo My Work."

The former prime minister's article begins: "People are asking, is John Major free to go his own way? He is - within the constraints of the principles set out

in the Conservative manifesto. Don't forget, I set out our principles..."

She writes that she "set out to destroy socialism because I felt it was at odds with the character of the people" and, in an attack on the opposition Labour party, she says it was defeated because of "what that party was, and still is."

Referring to the US presidential election and the "Reagan-Bush heritage", Mrs Thatcher says of their opponents: "You always have people who take the soft option. The apparently easy way out is the way that gets you into deepest trouble."

"The lesson is, you don't soften fundamental principles."

Britain in brief

AFG wins European franchises

AFG, the car retailing group controlled by Mr Octav Botnar, has succeeded in gaining dealer franchises from five leading European car makers in its effort to restructure in the wake of losing the Nissan franchise.

The company has gained franchises for 29 of its dealerships from Peugeot, Citroën and Renault, the French car makers, from Rover of the UK and from Vauxhall, UK subsidiary of General Motors of the US.

Agreement has been reached with some of these groups for the rebranding of a further 13 sites.

It is understood that negotiations are also at an advanced stage between AFG and the Fiat group, which includes Alfa Romeo and Lancia, for the Italian car maker to franchise a further group of between

40 and 45 AFG dealerships. AFG has been forced to drastically restructure since losing the Nissan franchises at the end of last year.

Sega seeks soccer coverage

Sega Enterprises, the Japanese video game maker, is expected to win the auction to sponsor ITV's coverage of the European Football Championship.

In February the ITV companies announced that they wanted bids of at least £850,000 for sponsorship rights to UK coverage of the championship taking place in Sweden between June 10 and 26.

Lloyd's may recover payout

Underwriters at Lloyd's of London - the insurance market - could eventually recover part of one of the biggest insurance payouts of the Gulf war following a judgment in the Commercial Court last week.

Lloyd's syndicates led reinsurance on a war risks policy which paid out some \$300m to Kuwait Airways following the seizure of 15 aircraft by invading Iraqi forces in August 1990.

But Mr Justice Evans reaffirmed an order - originally

made in February 1991 - that Iraqi Airways should pay the underwriters and Kuwait Airways some \$489m in compensation.

The ruling, however, does not spell the end of the affair. Kuwait Airways, whose total losses amounted to nearly \$1bn, is pursuing both Iraqi Airways and the state of Iraq for further compensation.

In addition there is an outstanding dispute between the Kuwaitis and the underwriters, who were themselves faced with an original claim for nearly \$1bn.

Underwriters, led by Mr Stephen Merrett, argued that cover was limited by a \$300m aggregate limit.

Theft device cuts costs

Manweb, the power supply company for Merseyside and North Wales, has slashed its losses through theft of electricity from an annual £10m to £2m by inventing a tamper-proof, unbreakable glass bubble to enclose household meters.

The bubble has helped to keep down price rises. In 1986, customers paid a hidden surcharge of £13 per household to cover theft. The figure is down to £2. Manweb says the real benefit has been more than £10 per customer because of inflation during the last six years.

CBI calls for new lease law

The Confederation of British Industry, the UK employers' organisation, launched an appeal for urgent reform of the law governing commercial property leases to prevent companies being forced out of business.

The CBI wants a change in the law which allows landlords to require tenants who sell or assign leases to make good unpaid rent owed by a subsequent occupier. The Law Commission suggested changes to the law in 1986 but nothing has been done.

"Some tenants who have assigned leases have been sued for sums running into hundreds of thousands of pounds, covering rent, service charges and repairs after they designed the tenancy with the landlord's consent," said Mr John Pollard, company affairs policy adviser.

Upturn seen in house sector

Housebuilders and estate agents say there has been a modest improvement in interest from prospective house buyers since the Conservative general election victory.

The number of people visiting show houses and other

properties for sale has risen by up to 20 per cent during the two weekends since polling day according to some estate agents questioned in a straw poll by the *Financial Times*.

This period, however, included Easter weekend when sales traditionally are higher. Estate agents, nonetheless, said that they were encouraged by the rise in interest following the election result.

Teachers back local strikes

The National Union of Teachers' annual conference voted for local strikes to resist threatened teacher redundancies, but drew back from endorsing a national strike to protest at job losses.

After the failure of attempts by the executive of the NUT - Britain's largest and most militant teachers' union - to soften the line, delegates voted to support immediate strikes should members in a local area have vote for industrial action.

The prospect of disruption is real, since employers estimate that several thousand redundancies are virtually certain at the end of the current academic year.

Local education authorities, most of which are spending up to their capping limit, face tight spending constraints.

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EUROPEAN BUSINESS REVIEW

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NEWS: UK

LATE FILING OF ACCOUNTS

UK companies threatened by automatic levy

By Ian Hamilton Fozzy and Richard Gourlay

AS MANY AS 15 per cent of British companies will be threatened by automatic levies from July for late filing of accounts, according to a study by KPMG Peat Marwick, the accountants.

The new system of levies will be in addition to the present fines that can be imposed as a result of criminal charges against individual directors for late filing of accounts with Companies House in London. But under 1 per cent of directors from late-filing companies were actually prosecuted in 1991.

Public companies are obliged to file accounts within seven months of their year-end, while private companies have another three months' grace. The accounts and records of directors and substantial shareholdings of all limited liability UK companies are available for public viewing at Companies House.

A check by KPMG Peat Marwick has revealed more than 22,700 companies - a mixture of public and private - were 10 months or more late in filing on April 2. The firm suspects that many companies delay filing to avoid exposing their financial difficulties to credit rating agencies and banks.

The firm looked at the 147,808 most active private and public companies which are included in a database established by ICC Lotus One Source and updated monthly from Companies House records.

Under the new system, directors of the companies concerned will still face possible personal fines of up to £2,000 each for not submitting accounts. But in the past, Companies House has had little incentive to pursue offenders because of the cost of prosecution and the fines disappearing into central government funds.

The new system means companies will be legally obliged to pay immediately and the penalties will go directly to Companies House - which is no longer a government department but was devolved to an agency under the government's Next

Steps programme - to offset its costs.

The levies will be imposed when accounts are received. A 1989 amendment to the 1985 Companies Act means the offence is absolute, with no excuses permitted. Court proceedings are not needed.

The penalties are banded for lateness of up to three, six, 12 and more than 12 months. They range from £100 to £1,000 for private companies and from £500 to £5,000 for public companies.

On the basis of the Peat Marwick study, Companies House could receive at least £11.35m in penalties when accounts are finally submitted.

Peat Marwick carried out the study in order to find leads for

Companies House could receive at least £11.35m in penalties when accounts are finally submitted

its recovery services and considered late filing might be an indicator of trouble. The numbers disclosed, surprised the firm, which says they suggest that many of the companies are trying to hide trouble.

Mr Alan Benzie Peat's managing partner in Manchester, said: "Many companies claim they are late because accounts have not been finalised, but there are always some late filers who delay for tactical reasons."

"Filing makes public a business's profitability and liquidity, or lack of such. This may affect credit rating and can therefore impact on a company's chances of survival. In some cases, companies may wish to conceal an auditor's qualification as to on-going viability."

Mr Benzie said late filing was yet another symptom of economic downturn and he expects many of the businesses involved to fail in the next 12 months. "Businesses are taking every action they can to continue trading in the hope of riding out the recession. Many feel that 'offering' their accounts to public scrutiny will be the last straw that breaks the camel's back."

Sharp rise in failure rate for UK companies

By Charles Batchelor

THE number of company failures rose sharply in the first quarter of 1992 after remaining steady on a quarterly basis throughout 1991, according to accountants KPMG Peat Marwick.

Receiverships leaped 31 per cent to 1,958 in the first three months of the current year from 1,097 in the final 1991 quarter.

One reason for the increase was a rise in the failure of retail companies forced into receivership after making an unsuccessful attempt to shave off failure with pre-Christmas and New Year sales, Peats said.

There was also an increase in the rate of finance and business services company failures.

Even if the end of election

uncertainty leads to an upturn in consumer confidence and interest rates are cut there is unlikely to be a reduction in the number of company failures in the rest of the year, it said.

Manufacturing companies fared relatively better in the first 1992 quarter accounting for only 26 per cent of failures compared with nearly 29 per cent in the first quarter of 1991.

Finance and business services companies accounted for 17 per cent of failures compared with 12.5 per cent while retailing companies accounted for nearly 10.5 per cent compared with nearly 8 per cent.

The south-east of England experienced the largest number of failures - 721 - followed by the Midlands with 193, the north west with 143 and the north east with 129.



British Gas has supplied 60,000 quotes to competitors who want to send rival gas down its pipelines

Clearing gas pipes for competition

A DENSELY-WORDED document released this month by British Gas outlining proposals for transporting gas along its pipeline network will form the basis for a more competitive gas market in the UK. If at first glance it appears an arcane paper, it could prove extremely important to the way competition develops.

The discussion paper which will be debated until the end of April before publication of a new price list in August, aims to simplify the existing transport pricing system. This largely relies on British Gas providing individual quotes to shippers which want to send rival gas down its pipelines. To date the company has supplied around 60,000 quotes to competitors.

As part of British Gas's agreement with the Office of Fair Trading on creating more competition in the market, it will hive off its gas transport business into a separate subsidiary by the end of the year.

When that happens, British Gas will have to negotiate with its own transport company on the same basis as its competitors. The regulators believe this is the only way to ensure the company does not discriminate against rivals.

But rival suppliers already say the way British Gas has structured its pricing proposals

Deborah Hargreaves on plans to open British Gas's supply network to outside shippers

is aimed at protecting parts of its business and making it more difficult for newcomers to compete.

British Gas explains that its pricing suggestions try to iron out differences in charges for transporting gas to different parts of the country. This means that under the new system the price for sending gas over long distances could fall, while transit over short distances could rise.

In addition, the tariffs for transporting gas through the company's regional and local (low pressure) grids - mostly for delivery to smaller customers and, eventually, households when that section of the market is opened to competition in 1996 - are likely to rise moderately.

Mr Alan Marshall, managing director of Agas, one of the UK's gas marketing companies, sees the potential rise in local tariffs as British Gas's way of protecting its margins in a sector of the market it is seeking to defend.

The company is being forced by the OFT to halve its share of the industrial market to 40 per cent by 1995. Some of its rivals believe it could do this

by mostly relinquishing its high volume, low-priced business rather than smaller, more lucrative customers. But the company has yet to work out details of how to reduce its market share.

Mr John Huggins, who heads the British Gas's transport unit said prices would probably rise slightly for local gas transit: "We were probably under-recovering on the low pressure grid under the existing system."

By far the most important effect on prices will be the overall rate of return that British Gas is allowed by its regulator, Ofgas, to make from the transport business.

The company is currently allowed to make a 4.5 per cent return on transport, but Mr Cedric Brown, senior managing director said "this is not an adequate ongoing rate of return."

He will be asking Sir James McKinnon, head of Ofgas for the go-ahead to increase it, probably to between five and seven per cent, which is the return British Gas is believed to make on

the rest of its domestic business.

There is some support for Mr Brown's view from the City: Mr Peter Nicol, oil and gas industry analyst at S.G. Warburg, questions why the company, with its obligations to maintain a safe pipeline system, should receive a return less than that invested in index-linked gilts.

However, Sir James points to the low-risk nature of the business for his belief that 4.5 per cent is a decent rate of return, and maybe too high.

Another point of concern on pricing for companies looking to build rival pipeline systems such as Kinetica, is British Gas's suggestion that it will lower transport tariffs over longer distances. That will make it less attractive for competitors to build new pipelines and compete with the British Gas grid.

Pricing is by far the largest concern of rival shippers which are still digesting the complex document of proposals. But the system for regulation of the transport business is also unclear and to be decided between British Gas and Ofgas.

Rival shippers will get a chance to put their views at a public meeting on April 27. Given the complex nature of the proposals and the important base they will provide for a newly-competitive market, it promises to be a heated debate.

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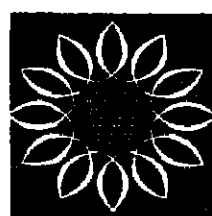
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BUSINESS AND THE ENVIRONMENT

President Bush, who promised in 1988 to be America's "environmental president," has hardly mentioned the words during his current re-election campaign. Instead of proposing new environmental initiatives, the president now talks of balancing environmental protection measures with economic repercussions.

This change of heart by Bush, and the apparent lack of enthusiasm for the subject among other presidential candidates, reflects a growing disenchantment with environmental regulation in the US.

This is particularly evident in California, the state which led the environmental movement in the 1980s. There are now rumblings of a "green backlash" as businesses and consumers count the costs of protecting the environment.

Despite broad interest in environmental issues, Californians tend to resent government regulation, whether it comes from Washington or from Sacramento, the state capital. The more intrusive these regulations get, the stronger the feeling against them.

California's rejection of "Big Green", a sweeping environmental regulation initiative on the 1990 ballot, signalled the trend. Today, Californians are increasingly concerned that strict environmental codes will drive businesses out of the state, with a subsequent loss of jobs and slowing of economic growth; this at a time when the "golden state" is taking the brunt of a nationwide economic recession.

The northern spotted owl, a rare bird that makes its home in old-growth redwood forests, has become the symbol of debate over the environment versus the economy. Thousands of lumber jobs in the Pacific Northwest are threatened by log-

After years of leading the green movement, Californians have had enough, writes Louise Kehoe

Backlash in golden state

giving limits imposed to protect the owl's habitat.

Yet the spotted owl is only one example of how conservation rules can be at odds with the community. The livelihoods of West Coast commercial fishermen are now at stake as the state this month moved to limit fishing hauls all along the coast to protect the future of a

declared an endangered species, requiring expensive changes to the complex systems that shift water from Northern California to the south. To date the State Water Resources Board has struggled to satisfy legal requirements to protect fish and wildlife but has been reluctant to impose standards that threaten an economy fuelled by diversions of fresh water.

Now California's governor, Pete Wilson, has intervened with proposed new regulations intended to keep the smelt and other species alive long enough to figure out how California can have its water and fauna too. But a proposed reservoir that would hold winter rain run-off and reduce the amount of water that is currently pumped from the San Joaquin delta - to the detriment of the smelt - has also run into a problem.

The planned site turns out to be home to a single family of rare kit foxes. It is not only big state-funded projects that are stymied by environmental concerns. Home builders and commercial developers are increasingly faced with the discovery, often by anti-growth activists,

of some rare animal or plant that throws up a legal brick wall in the path of planning permission.

Endangered species are only part of the problem. Critics charge that environmental regulations designed to reduce California air pollution are wrapping businesses in red tape. Business executives claim that the cost of complying with some of the rules set by the Los Angeles South Coast Air Quality Management District far outweigh environmental benefits.

For example, large employers in the region are required to persuade employees to use carpools or to find alternative non-polluting transport. But McDonnell Douglas, the aerospace company, estimates that it

will have to spend \$2.5m on incentive programmes to increase vehicle occupancy among company employees to an average of 1.5 to meet the SCAQMD's requirements.

Worse, the company suspects that this expenditure will have no long-term effects. Last year, for example, McDonnell Douglas loaned new bicycles to employees willing to ride to work. Although the company provided more than 200 bikes, all but about 50 participants in the programme reverted to driving. The programme cost \$100,000.

However, small businesses are the most vociferous critics of air quality regulators. Dry cleaners, furniture manufacturers, car painters, restaurants and other busi-

nesses must meet strict environmental codes in California. But sometimes the rules backfire.

Last year, the SCAQMD tried to impose its air pollution regulations on Los Angeles's "rib joints", barbecue restaurants that are popular in many communities. The regulators' efforts to cut air pollution from rib joints got the kind of response that a sudden ban on "chippies" might receive in the north of England. It was quickly dropped.

There is also growing disillusionment in California with recycling. Although sorting waste, in the office and the home, into paper, glass, plastic and aluminium "recyclables" has become habitual in many parts of the state, there is



Mounting evidence suggests that separating rubbish does little to protect the environment

mounting evidence that this does little to protect the environment. Recycling programmes have produced a huge supply of paper, glass and plastic waste but there are few plants that can turn this rubbish into something useful. Aluminium is the only recyclable that pays its way - it is cheaper to produce new cans from old than to make them from scratch.

Although manufacturers of many consumer products label packaging as "recyclable", few use recycled materials themselves. Sorting rubbish into recycling bins is also becoming a chore. Before disposing of an empty jar of peanut butter, for example, it must be cleaned thoroughly, which requires copious amounts of hot water and soap. The label must also be scraped off.

In addition, clear glass must be sorted from coloured glass. And it will only be truly "recyclable" if everyone else on the street has been equally careful so that the load on the "environmental truck" that collects weekly is not contaminated. That assumes that the waste disposal company can find a buyer.

If that is not enough to dent the enthusiasm of would-be environmentalists, then last summer's call to ease air pollution by not lighting backyard barbecues - a staple of the California diet - certainly was. Marin County's talk of banning perfumes in public places also raised more publicity than action.

The final straw came last December when San Francisco air quality regulators issued a call for residents to forego the traditional glow of burning logs in the grate over Christmas. But, like good environmentally-aware citizens, Californians "recycled" their Christmas trees in January. It was, after all, the easiest way to dispose of them.

A case of buyer beware in Czechoslovakia

Ariane Genillard describes the environmental responsibilities which foreign investors could inherit

When it comes to pollution in Czechoslovakia, government officials agree on only one thing - the task of cleaning it up will be difficult. Consensus fades when officials from the ministries of the environment, finance and privatisation discuss the means and methods needed to implement improvements.

As the privatisation programme gathers steam in Czechoslovakia, questions have emerged on how newly privatised companies will assume environmental responsibilities and what demands will be placed upon foreign investors when they are involved.

For the federal committee of the environment in Prague, environmental issues must be tackled as the privatisation programme unfolds. Jozef Vavrousek, the environment minister, has warned against what he calls the icing-on-the-cake attitude which consists of

implementing reforms first and tackling environmental issues later.

On his initiative, the federal parliament adopted in February an amendment to the privatisation law which forces local enterprises to evaluate environmental liabilities when presenting their privatisation projects to the government. Under the Czechoslovak privatisation programme, more than half of the country's enterprises have drafted privatisation projects which will place their equity in private hands.

The efforts of the environment minister aim at ensuring that government officials, when choosing between competing projects, will take into consideration plans for

environmentally-beneficial investments. "We must make sure that environment issues, which have been neglected, are now factored into privatisation," says Vavrousek.

Strategies for the environmental clean-up have become urgent as private companies are created. These enterprises will be owned by a mass of scattered shareholders. More than 8.5m citizens in Czechoslovakia (population 15m) have registered to receive vouchers which will place shares in the country's enterprises. Such a diffuse ownership will provide little incentive for management to implement environmentally beneficial technologies and respect environmental laws.

To complicate matters, environmental laws have been hampered by Czechoslovakia's federal political system. Federal laws have so far laid down general principles, but follow-ups defining concrete implementations are under the jurisdiction of the Czech and Slovak republics. So far, regional parliaments have been slow to pass legislation.

Future legal proposals will tackle the possibility of creating a Super-fund, based on the American model, with whole sites being cleaned-up with government funds and costs later recouped from the original polluters. An environmental tax on companies to cover clean-up projects is also under consideration.

According to Miroslav Zamecnik, an adviser to President Vaclav Havel, these taxes should be used to provide soft loans for the environment.

But both lack of resources and negligence under the communist rule make it hard to identify culprit today and implement polluter-pay strategies. "It is often impossible to pinpoint who is responsible for past damages and, when you can identify a polluter, he has no money," says Vavrousek.

The problem of financial resources can be partly resolved when foreign investors are involved in the privatisation of local enterprises. Western companies are generally ready to include environmen-

tal investments in a joint-venture in order to meet EC environment standards. But difficulties arise on the question of environmental liabilities committed in the past.

"Foreign investors buying a company with potential environmental problems will want a clause in a contract whereby they will not be held responsible for damage caused before the joint-venture," says William Harter from Procter & Gamble, which bought a Czech detergent company last year. "The government is not terribly willing to agree on such clauses. They would rather see the buyer fix the problems."

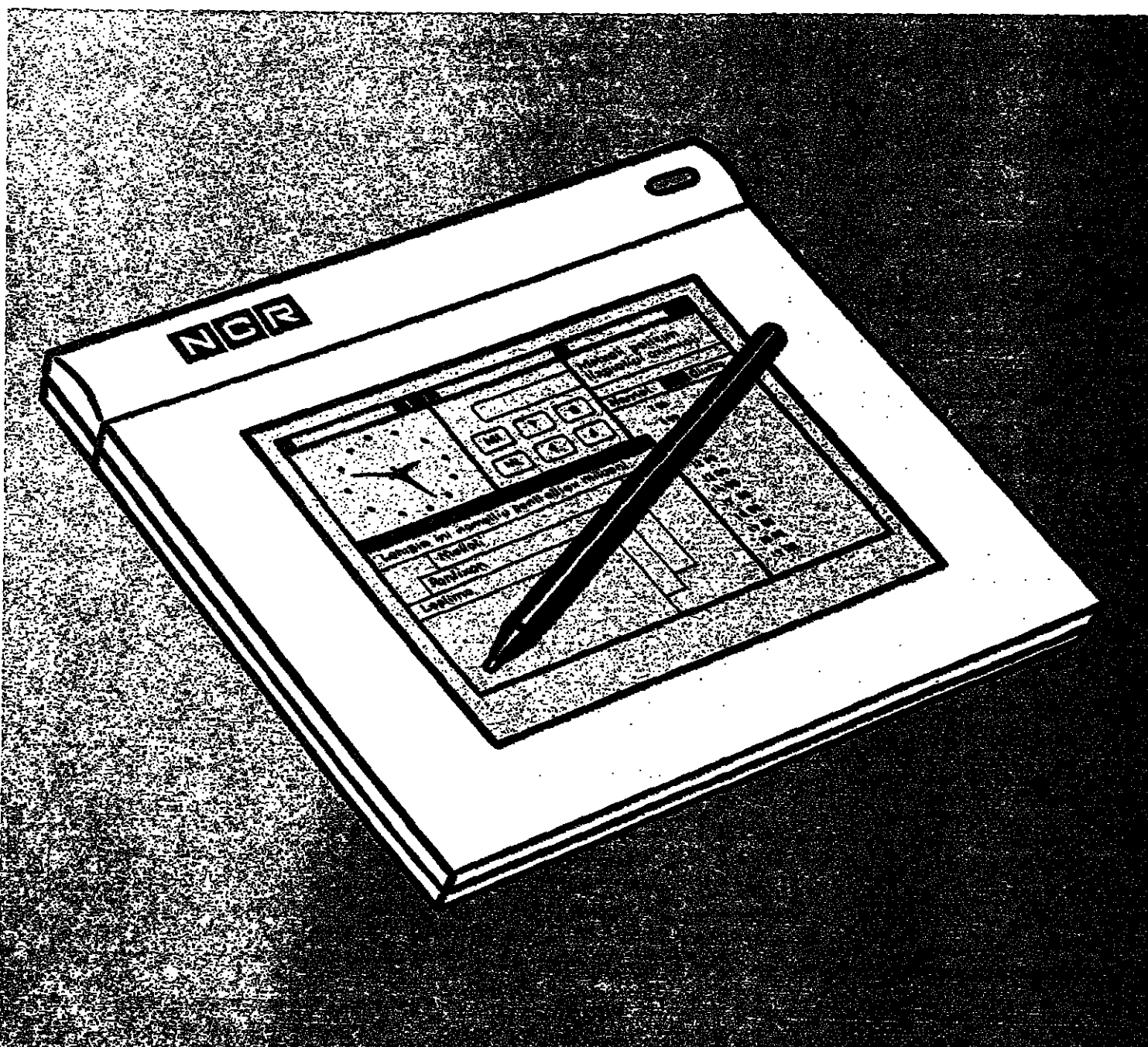
To simplify negotiations, the government recently drafted a purchas-

ing contract which clarifies environmental policies. Foreign investors are encouraged to commission environmental audits with a recommended list of about 20 companies. On this basis, the government may pay indemnifications for a clean-up. These indemnifications cannot be greater than the purchasing price paid by the foreign buyer, however.

"If foreign buyers don't do an environmental audit, then we won't take any responsibility for liabilities they find at a later stage," says Edmond Franco, adviser to the Czech ministry of privatisation.

With the bulk of the companies in the hands of shareholders who have never been to a shareholders' meeting, and with enterprises' budgets strained by the economic transition to a free market, funds will be hard to come by on the polluters' side. Yet, under the privatisation programme, the environment becomes the polluters' problem.

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U-h-oh - it's going to be one of those ghastly days. Cathy Jennings, a research chemist at a US pharmaceutical company, has just woken up to find her three-year-old daughter standing by her bed, complaining of a sore head and "feeling kinda hot".

For hundreds of thousands of working women, this is one of the worst moments in trying to juggle a career and motherhood. Either they stay at home and miss a day's work or dump the child with a relative or minder, pray the fever is not too serious, and fret all day.

Result: they feel guilty either way. It might be different if Cathy were to work in New Brunswick for Johnson & Johnson, the healthcare business which has its headquarters in the New Jersey town. For Johnson & Johnson is at the forefront of a growing movement among US companies to provide much better support for employees with family problems.

These difficulties can range from childcare to ministering to the needs of geriatric parents - an emerging problem for baby boom employees now entering middle-age. Johnson & Johnson not only provides an on-site childcare centre at its New Jersey headquarters, as do a substantial number of US companies, but it also has its own sick bay, where mildly ill children can be dropped off by their parents.

This is just one facet of a policy, introduced three years ago, which states that "we must be mindful of ways to help our employees fulfil their family responsibilities".

That is no idle commitment. Johnson & Johnson's other initiatives include: personal counselling and a nationwide network to help employees find services for elderly relatives; paid time off to provide emergency care for family members and up to a year of unpaid leave to look after sick dependents; subsidies to off-site childcare centres; and on-site classes in topics such as parenting, nutrition, toddler health and stress management.

Such a coherent programme is still very much the exception among US businesses, according to a recent study by the Families and Work Institute, an independent research organisation. This puts Johnson & Johnson alongside IBM, Aetna Life & Casualty and Corning in an elite group of four (3 per cent) of the 188 leading US companies which the institute surveyed.

The report argues that the four have an integrated, well thought out approach to the issue and a commitment to change the group's culture, linked with achieving equality of opportunity between men and women at work.

But while most companies are far

Dealing the cards for happy families

Martin Dickson looks at an American childcare initiative



less committed, the survey found that two-thirds of them had evolved some sort of family programmes, and the trend is clearly growing.

The latest annual report on US employee benefits published by the Hay Group consultancy** says that "family-oriented benefits such as long-term care, work-at-home policies, flexible hours and paternity leave are becoming more widespread," with almost 50 per cent of companies offering the latter two.

Why are American businesses suddenly embracing the family? A crucial factor is demographics. Family issues tend to be a woman's responsibility, and a surge of women into work over the past 20 years means that 45 per cent of the US labour force is now female.

The US, moreover, will face a shortage of skilled labour in the 1990s, making it more important not only for companies to hold on to skilled employees, but to make them as productive as possible, minimising absenteeism and stress.

The Families Institute argues that these factors will force a re-evaluation of some basic management tenets. For example, the idea that personal problems should be kept at home becomes "an increasingly difficult and unrealistic philosophy" when children have only one parent

or both are working. It also challenges the assumption that a company's performance depends on having all its employees turn up to work every day, a conviction which prevents many US managers from granting time off or work-at-home options. "It seems counter-intuitive to managers that employees could actually produce more at home," the study says.

The Institute reckons that companies tend to pass through three stages in their approach to family issues. First, one or more executives start to champion the idea that it is in the company's interest to respond to childcare issues because these are taking a toll on productivity.

At this point, however, the management remains opposed to a serious commitment. It argues that this is not a business issue and worries that it would be interfering in individuals' lives or laying itself open to charges of inequity by providing benefits mainly taken up by women. The result is the half-baked development of one or two policies, such as a referral service for childcare.

In stage two, the company's leaders join the crusade and the business moves from piecemeal initia-

tives to an integrated policy covering all work-family issues. In stage three - the pinnacle reached by Johnson & Johnson and its three peers - management tries to co-ordinate their work-family programmes with efforts to break through the "glass ceiling", the invisible culture barrier which is said to prevent many women getting top jobs.

One issue such an approach can address is the problem of men and women being penalised for taking advantage of family-friendly policies. "Work and family programmes may allow women to work fewer hours," the Institute explains, "perhaps inadvertently creating a 'mommy track' where women are seen as less committed and less worthy of promotion. A higher turnover rate among women than men has been the impetus for companies to try to reconcile these two streams of corporate action."

The path which led Johnson & Johnson to its new policy is instructive. The pharmaceutical industry generally leads other sectors in its development of work-family programmes, presumably because it is particularly dependent on a highly educated workforce conducting research which can take many years to come to fruition. It needs to

woo the best scientific talent and then retain it.

Johnson & Johnson had another imperative: its strong presence in the market for baby products gave it the image of a company with high ethical standards, which served families and was good to work for. However, by the late 1980s the company found its marks were not as high as it wished in annual surveys of the best companies for working mothers, and it began to feel it had to do more to attract and keep the best employees.

The result was a comprehensive review of its policies and employees' needs which threw up some surprising statistics.

A survey of workers in New Brunswick, where it has seven businesses, found that 45 per cent had missed at least one day of work in the preceding three months because of a breakdown in childcare arrangements; 53 per cent were late to work or left early because of childcare problems; and 9 per cent had responsibilities caring for the elderly, 59 per cent of whom reported that this interfered with work.

The upshot was a raft of new initiatives, including a change in the company's "credo", or statement of values, to include workers' family responsibilities. And in an effort to change the corporate culture, it became one of the few US companies to train supervisors in handling work-family issues.

The idea is that employees are responsible for making sure their work gets done, and for suggesting ways this can be achieved, while supervisors provide the necessary flexibility.

The Families and Work Institute is carrying out an follow-up investigation of Johnson & Johnson's programme for the company, to determine its benefits and what needs to be done next. The early results suggest that the scheme is far from perfect. For example, employees suspect that supervisors are not so keen on flexibility as the supervisors themselves claim to be.

But the study also provides evidence that work-family programmes can have an appreciable impact on a company's hire power. A poll of employees found that "the effect of the job on personal relationships" was the fifth most frequently cited reason for taking a job at the company and the fourth most important for staying.

*The Corporate reference guide to Work-Family Programs. Ellen Gollinsky, Dana Friedman and Carol Hernandez. Families and Work Institute, 330, Seventh Avenue, New York, NY 10001. Price \$149.

**The 1991 Hay/Huggins Benefits Report. Published by HBR Survey Unit, 229 South 18th Street, Philadelphia, PA 19103-6136. Price \$695.

Why smoking is a burning issue

By Dr Michael McGannon



Cigarette smoking is the single most important cause of preventable disease. It is one of the biggest contributors to the number one killer in developed countries: heart disease. The average smoker lives five to eight years less than non-smokers. Smoking one packet of cigarettes a day increases the risk of heart disease threefold, and that of lung cancer fivefold.

per cent in the UK. However, in developing regions, the trend is in the opposite direction with smoking up by 42 per cent in Africa and 22 per cent in Asia.

Cigarette companies are fighting hard to make sure people continue smoking. According to Advertising Age, in 1986 Philip Morris and RJR Reynolds were the second and third biggest buyers of advertising space. Tobacco companies target children with emotionally powerful messages, aimed at turning them into life-long consumers and faithful clients.

But what is to be done for those who want to stop?

BEFORE QUITTING
● Develop a new reward system. Stop viewing cigarettes as a reward for a long day or a job well done. Buy yourself something, or treat yourself to a massage.
● Plan some activity for the times that you smoke. Many managers smoke during lulls in the action because of boredom. Giving up while on holiday is a bad idea: most people start again as soon as they get back to the office.
● Keep a smoking journal. Most smokers underestimate how much they smoke. Make a note of each cigarette you have, putting a star next to any you enjoyed. Most managers who smoke seem to enjoy only about one in 10 of the cigarettes they smoke.
● Never smoke blindly. Smoke only to the exclusion of all other activities, being aware of what you are doing to yourself.
● Smoke your first cigarette an hour later every day.

ONCE YOU HAVE QUIT
● Stand up for your new rights. When people ask you if you mind if they smoke, say "yes".
● View yourself as a long-term non-smoker. You have to stay vigilant forever: if you fall off the wagon and have a cigarette, don't use it as an excuse to have a second and a third.
● When you feel like smoking, don't drink alcohol which lowers your resistance to cigarettes.
● Compensate for previous damage from cigarettes with exercise.
The author is the medical director of the Inland Business Health Course.

BANKING FINANCE & GENERAL

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Please apply, enclosing a full c.v. to:

Peter Harrison Esq., Personnel Director
Mercury Asset Management plc, 33 King William Street,
London EC4R 9AS

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London - New York

Moody's Investors Service, the international credit rating agency, has built a worldwide reputation for its credit analysis. Moody's provides investors with opinions on relative default risk. This in turn assists issuers in accessing a range of capital and money markets.

The agency is currently recruiting two European nationals to fill new posts created by its continuing international expansion.

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This senior appointment has individual accountability and involves liaising with issuers, carrying out detailed analysis of securitised and other structured transactions in order to identify and quantify the risk of the collateral and structure, and producing analytical reports for publication.

Candidates should have 3 to 4 years direct experience of structured transactions and be fluent in English with strong language skills in at least one other European language (Spanish, French, German or Italian preferred). A strong knowledge of corporate law would be an advantage.

RESEARCH ASSOCIATE - STRUCTURED FINANCE

This position provides support to the Structured Finance Group, and involves undertaking detailed background research and quantitative analysis. This appointment is a training position for the post of analyst.

Candidates should have a background in macro-economic or statistics, and have at least 2 years experience in the financial sector. Some previous experience of credit analysis would also be advantageous. Fluency in English is required as well as strong language skills in at least one other European language.

Please reply to Donald Selzer, Structured Finance Group,
Moody's Investors Service Ltd., 51 Eastcheap, London EC3M 1LB.

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Interested applicants should forward a detailed CV to Stephen Shanahan at the address below. All applications will be treated in confidence.

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Minimum 5 years experience in German Government Bond Markets and German Future Markets (OTB and/or LIFFE). Age 25-35. Fluent German speaking. CV to Debbie Roche, Tradition Bond Brokers Ltd, 155 Bishopsgate, London EC2M 5TQ.

FT LAW REPORTS

Digest of Hilary Term cases

ITALIA EXPRESS
(FT, January 14)
A vessel was sunk outside Piraeus harbour and the underwriters alleged that there had been a plot to blow up the ship. They wished to prove the original conspiracy by means of surreptitious tapes of conversations of those involved, including the divers allegedly responsible. At first instance, it was held that the tapes were not admissible in evidence under the Civil Evidence Act 1968. Allowing the appeal against that decision in part, the Court of Appeal stated that insofar as the tapes related to evidence of facts stated by one of the alleged conspirators, GDV, who knew that the conversations were being taped and who supplied the tapes, GDV was quite deliberately making statements in a document. Subject to production and proof of the tapes or authenticated copies, the statements of the other interlocutors would not be evidence of facts stated but, in so far as they proved the context in which GDV's statements were made, would be evidence of that context.

DEUTSCHE BANK AG v IBAHIM AND OTHERS
(FT, January 15)
The bank claimed in an action in December 1991 for a declaration that it had valid equitable mortgages of two leases owned by the daughters of the defendant as security for their father's overdraft. The claim was refused on the ground that section 4 of the Statute of Frauds was not satisfied in that there was no memorandum in writing by the daughters to support the loan. Allowing an application to recall that judgment to hear further argument, Mr David Neuberger QC stated that the bank had sent draft memoranda to the daughters for signature. However, that was insufficient to satisfy section 4. The court had found that the memoranda were received by the daughters, but were never acknowledged by them in any way. It would be quite wrong to infer approval on the daughters' part, whether of the memoranda generally or of inclusion of their names. Moreover, the bank could not bring the facts into the class of cases where

section 4 could be said to have been used as "an engine of fraud". The daughters' counterclaim for the delivery of the title deeds for want of consideration succeeded.

IN RE LONDON UNITED INVESTMENTS PLC
(FT, January 17)
In October/November 1990, the secretary of state, in exercise of his powers under section 432(2) of the Companies Act 1985, appointed inspectors to investigate the affairs of a company, LUL. Mr Wilson was a director of LUL but had refused to answer the inspectors' questions, invoking the common law privilege against self-incrimination. Moreover, he contended that it was improper for the secretary of state to appoint inspectors to investigate matters which were the subject of allegations of fraud because it was more appropriate that suspected crimes should be investigated by the Serious Fraud Office or the police. Dismissing an appeal against a first instance decision that the refusal to answer was unjustified, the Court of Appeal stated that under the provisions of the 1985 Act, as amended by the Companies Act 1989, (i) inspectors would in very many cases have been appointed where the circumstances suggested fraud; (ii) persons questioned were bound to answer their questions; and (iii) the inspectors' report might lead the secretary of state to petition for winding-up or to proceed in the company's name in the public interest.

ROYAL BANK OF SCOTLAND v CASSA DI RISPARMIO DELLE PROVINCE LOMBARDE AND OTHERS
(FT, January 21)
The Royal Bank of Scotland claimed reimbursement on a letter of credit as confirming bank, subject to the Uniform Customs and Practice for Documentary Credits 1983 Revision, where reimbursement was to take place in New York. However, when the bill was still current, the issuing Italian banks had received information to the effect that the documents might be false because the underlying transaction was said to be fraudulent. Service of proceedings on the issuing banks was set aside at first instance on the ground that

the English court had no jurisdiction to hear the claims under the Civil Jurisdiction and Judgments Act 1982, article 5 of which stated that, with regard to contracting states, a person may be sued "in the court of the place of performance of the obligation in question". Dismissing the Royal Bank of Scotland's appeal, the Court of Appeal stated that the "obligation in question" for the purposes of article 5 was the obligation to effect reimbursement, and that was an obligation which was due for performance outside the jurisdiction of the English court.

RE SHOE LACE LTD
(FT, January 22)
An application was made by the liquidator of Shoe Lace Ltd for return of company funds paid to another company, Sharp Investments Ltd, which held 80 per cent of Shoe Lace's issued share capital. Section 245 of the Insolvency Act 1986 provided that a floating charge created within two years before the onset of insolvency in favour of a person connected with the company was invalid, except to the extent of consideration paid for creation of the charge "at the same time as, or after, the creation of the charge". The floating charge was created within two months before the onset of insolvency in the instant case where Sharp controlled Shoe Lace and so was a "connected person" within the section. No businessman, having knowledge of the kind of time limits imposed by the Insolvency and Companies Acts and using ordinary language, Mr Justice Hoffmann stated in granting the application, would say that the payments had been made at the same time as execution of the debenture in the present case.

MARC RICH & CO AG v SOCIETA ITALIANA IMPIANTI
(FT, January 24)
In a dispute over the sale of a cargo of oil by the defendant to the plaintiff, the contract having been negotiated in Italy, the plaintiff sought leave to appoint an arbitrator in London. The defendant issued proceedings in Italy where it was held that there was no arbitration agreement. Article 1(4) of

the Civil Jurisdiction and Judgments Convention 1968 provided that the Convention did not apply to arbitration and the Court of Appeal, on the plaintiff's appeal against a dismissal of its application to restrain the defendant from pursuing the action in Genoa, referred to the European Court questions on whether the exception under article 1(4) extended to litigation as to the initial existence of an arbitration agreement. The ECJ held that the exclusion did extend to litigation, which was pending before a national court and which concerned the appointment of an arbitrator, even if existence of an arbitration was a preliminary issue in that litigation. In light of that answer, the Court of Appeal stated, the plaintiff's appeal against a setting aside of leave to serve on the defendants outside the jurisdiction would be dismissed.

CHANNEL TUNNEL GROUP LTD & ANOTHER v BALFOUR BEATTY CONSTRUCTION LTD & OTHERS
(FT, January 29)
The defendant contractors (TML) appealed against a decision in an action in which Eurotunnel had issued a writ against TML, claiming an injunction restraining it from suspending work. No order was made on an undertaking that TML would not suspend work except on 14 days' notice. The judge also dismissed an application by TML that the action be stayed in favour of arbitration. Clause 67 of the contract provided that any dispute should first be referred to a panel of independent experts and that "the seat of such arbitration shall be Brussels". Allowing TML's appeal, the Court of Appeal stated that some of the parties were not English but French, and they had all agreed to arbitrate in Brussels. The court was therefore not concerned with a domestic arbitration agreement (see section 1(4) Arbitration Act 1975). Whether or not there was jurisdiction, an interim injunction should not be granted when the parties had agreed to arbitration in a place outside England and there was an arbitrable dispute between them.

Aviva Golden

Ford seeks to clean up



Ford, following in the wheel-tracks of Volkswagen, has appointed a full-time director to oversee the car-maker's environment and safety-related activities in Europe.

The appointment as director, environment and safety, of Austrian-born Walter Brandstetter, 52, underlines the increasing importance environmental issues are assuming to all Europe's car-makers, as pressure mounts on them to produce "cleaner", more economical vehicles, to use less energy and materials to make them, and finally recycle efficiently the nearly 15m cars Europe scraps each year.

Brandstetter, who received his doctorate at Vienna's Technical University and who has previously combined technical stints at General Motors and

Volkswagen with a career in lecturing, will have a similar role at Ford to that of Ulrich Steger at Volkswagen. Steger became Volkswagen's full-time head of "green" affairs last year; the first appointment of its kind in Europe.

Since joining Ford in 1988, Brandstetter has been head of engine engineering at Ford in Germany, and thus has also played a significant role in the development of new engine families like the Zeta, on which Ford is relying heavily to restore its lacklustre reputation for engine development inside Europe.

He will continue to be based in Germany, where he has recently made an honorary professor by Lower Saxony's Minister of Science and Culture.

ICI challenge for Brogden

Michael Brogden, a chemical engineering graduate from Leeds University, will need all his skills in chemistry to transform ICI's Chemicals and Polymers division where he has just been appointed chief executive officer.

The division is ICI's most pressing problem. From peak profits of £452m in 1989, it crashed into losses during the last quarter of 1991 and is expected to report further

losses during the first quarter this year. Its plight is not helped by the state of the bulk chemicals sectors, such as plastics and petrochemicals, which are in trouble generally. ICI explained that Brogden, who is on holiday, would not want to talk about his plans until he had spoken to the employees. A former general manager of personnel at ICI's group headquarters, he will probably continue scaling down the workforce: the division has already said it wants to cut 4,700 jobs from its 38,000 workforce.

Brogden may also want to continue the policy, established by his predecessor, Ralph Hodge, of disposing of non-core businesses. Both the salt and the soda ash businesses have been sold in recent months. There are also rumours that the division could be sold or floated.



Stephen Howard, chief executive of group corporate development at COOKSON, has been appointed a director and chief executive of the engineered products division. Howard graduated from the University of Michigan Law School and joined Cookson America in 1985.

Bob Muir and Adrian Bushy have been appointed chief executive and deputy chief executive, respectively, of Booker Belmont Wholesale. Terry Noble has been appointed chief executive of the Food Service Group. These moves follow the splitting of BOOKER's food distribution business into two parts.

Alan Marshall, who had been responsible for Sims Food Services before it was sold, has been appointed md of RUSSELL HUME, a division of the Sims Food Group.

Michael Day has become company secretary of VSEL CONSOFTUM in place of Julian Davies who has been appointed finance director of its subsidiary Cammell Laird Shipbuilders.

David Jenkinson, md of The Catering Guild, is also appointed md of Vendepac, both are subsidiaries of the TM GROUP.

Malcolm Naylor, formerly sales and marketing director of Baxi, has been appointed marketing director of Potterton Myson Boiler Group, part of BLUE CIRCLE Home Products.

Banking on a weekly audience

Robin Moser, chief executive of Alexander's Discount, will be going to see the Governor of the Bank of England more than most people in the City over the next couple of years. As the new chairman of the London Discount Market Association his job is to call on the Governor every Thursday afternoon and brief him on the views of the London money markets.

Moser, 44, who still wears a top hat on his way to his Thursday meeting at the Bank, inherits a tradition which started when Montagu Norman became Governor in 1920. The discount houses had formed their own committee during the 19th century and when peacetime came Norman decided to formalise his weekly meeting with the chairman of the committee. Thursday afternoon was chosen as it followed the weekly meeting of the Bank of England court, when Bank rate was published, and Friday's treasury bill tender.

When things were difficult, the chairman would occasionally bring another member of the committee along with him. By 1929 "difficulties" had become so frequent that it became accepted that the deputy chairman would always attend;

Moser is therefore accompanied by his deputy, Michael Walker, 43, managing director of Clive Discount. Traditionally, the two discount house men met the Governor and the principal of the Bank's Discount Office. However, this responsibility now falls to John Townend, head of the Bank's gilt-edged and money market division.

Although the importance of the discount market is not what it was in Montagu Norman's day, the fact that the Governor of the Bank still continues with the half-hourly meeting every Thursday suggests that it serves a useful purpose. "People are always saying that the discount market is on its last legs," says Moser, "but you can't write us off just yet." He is confident that his successors will still be in business well into the next century.

However, the job does have one drawback. Moser has to walk around the rest of his discount house members before his Thursday meeting, and following his talk with the Governor he cannot get involved in decisions about his own firm's position taking until after the Friday treasury bill tender.



CONTRACTS AND TENDERS

INVITATION FOR BIDS

Loan No : 2602 TU
File No : 114-15B/DIB-254
Order No : 21.4.1992
Date of Issuance : 21.4.1992
Bid Submission Date : 5.6.1992

1. The TURKISH ELECTRICITY AUTHORITY, hereinafter referred to as TEK, has received a loan amounting 140,000,000 USD from the WORLD BANK in various currencies towards the cost of Power Systems Operations Assistance Project and part of the proceeds of this loan will be applied to eligible payments under the Contract(s) for which this Invitation For Bids is issued.

2. The TURKISH ELECTRICITY AUTHORITY now invites sealed bids from eligible Bidders for supply of a total of apparatus and equipment for distribution systems.

All the above equipment shall be supplied according to the Bidding Documents.

Each bidder may submit a bid for any item of instruments or combination of items. All bids and combination of bids shall be opened and evaluated simultaneously in order to determine the bid or combination of bids offering the total advantageous solution for TEK. The bidders shall be allowed to offer a discount price for the combination of the contract.

3. Interested eligible Bidders may obtain further information from and inspect the bidding Documents at the office of:

TURKISH ELECTRICITY AUTHORITY
General Management
Commercial Affairs Department
İnönü Bulvarı No: 27 Kat: 1
Bahçelievler Son Durak
ANKARA/TURKEY
Tele: 42245 tel tr

4. A complete set of Bidding Documents may be purchased by any interested eligible Bidder on the submission of a written application to the above office and upon payment of a non-refundable fee of 50 USD or 300,000 TRY (excluding VAT) at the following address:

TURKISH ELECTRICITY AUTHORITY
General Management
Commercial Affairs Department
İnönü Bulvarı No: 27 Kat: 4
Bahçelievler Son Durak
ANKARA/TURKEY

Those Bids submitted by the Bidders who did not purchase the Bidding Documents shall be rejected

5. All bids must be accompanied by a bid security in an acceptable form of not less than 3% (three percent) of the bid price and must be delivered to the above office on or before 12.00 hours on 5.6.1992.

6. Bids will be opened in the presence of those bidders' representatives who choose to attend at 14.00 hours on 5.6.1992 at the office:

TURKISH ELECTRICITY AUTHORITY
General Management
Commercial Affairs Department
İnönü Bulvarı No: 27
First Floor No: 7
Bahçelievler Son Durak
ANKARA/TURKEY

7. BILL OF MATERIALS

1- Hydraulic compression equipment

Quantity
146

33961

PROCUREMENT NOTICE
INVITATION TO PREQUALIFICATION

In the name and on behalf of
MINISTRY OF TRANSPORT, COMMUNICATION
AND WATER MANAGEMENT
of the Hungarian Republic
the
MOTORWAY DIRECTORATE

INVITATION
to participate in the
INTERNATIONAL PREQUALIFICATION PROCEDURE
The purpose of this procedure is to select organizations,
consortia and companies which are able
by way of a
CONCESSION

to finance using their own funds, to construct operate and
maintain the four-lane stretches
of
M5 MOTORWAY
between section 44.3 - 174.8 km
according to the terms of a negotiated and mutually agreed contract.

Before issuing the Tender Documentation the Motorway
Directorate will allow the Ministry to get to know the
organization, financial resources and capabilities of the
Applicant, as well as its previous and on-going similar projects.

The prequalified Applicants will be invited to participate
and to submit a Tender for Concession.

Preliminary information - regarding the prequalification
- and forms of "REQUEST FOR QUALIFICATION/RFO"
may be obtained at the address below between 10.00 and
15.00 o'clock on workdays from Monday 27th of April 1992
against a receipt of payment of US\$2000.-/two thousand
USD/ or equivalent in other convertible currency.

Remittances are to be made to the account of Motorway
Directorate: No: HU-HB-214-90174-3483 kept in the
"Országos Kereskedelmi és Hitel-bank", 1052 Budapest V.,
Károlyi Kört 20.

MOTORWAY DIRECTORATE, Bureau for Motorways in
Concession
H-1024 Budapest
Fényes Elek u. 7-13
Attention: Mr SIPOSS, Árpád
Phone: /36-1/ +202-1605 Fax: /36-1/+175-8485
Tele: 22-6056, 22-4088.

The signed forms completed in English of RFQ should be
submitted to the same address, not later than
16.00 local time/Tuesday, 30th of June 1992.

Within 90 days after the expiry of the submission date the
Applicants will be notified about the PO review
Committee's decision.

This decision will be final.

Budapest, April 1992,

MOTORWAY DIRECTORATE

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

The FT and the British election: wrong, wrong but for the right reasons and right

From Mr Peter Morgan.

Sir, I was dumbfounded by the conclusion reached in your leader on election day.

Britain is a capitalist country. One only has to look at the shadow Budget to see that its effect would have been to erode the basis of capitalism. It would also have turned inward investment into outward investment, which would have been a disaster for the growth of the economy.

Peter Morgan,
director general,
Institute of Directors,
116 Pall Mall,
London SW1

From Mr F X Leduc.

Sir, Your paper was certainly entitled to recommend voting for whomever it pleased, even Labour.

However, are you aware that radio channels in my country, most of them subsidised and hence influenced by the existing Socialist government (moreover, soundly defeated in most recent regional and district elections), promptly used your article to, in my view, herald the benefits of socialism.

I expect our daily, enlightened, companion - the FT - to be more aware of its own international influence and use it with more discrimination.

F X Leduc,
6 rue du Sylvaain Colinet,
17300, Fontainebleau,
France

From Mr C R E Brooke.

Sir, In addition to the comments in other newspapers about your unexpected pre-election editorial, you have no doubt received lots of expressions of surprise and dismay from your business readers.

Certainly most will have been shocked that the newspaper which is so cherished by industry, commerce and the City should have actually suggested that a Labour victory was preferable.

In my view, you are to be warmly congratulated, but not because I think your advice was right. Indeed, in my view it was quite misconceived. It is, of course, desirable that we should not end up with one party permanently in government and the others permanently in opposition, but I

believe that the Labour party has a good deal more learning and forgetting to do before it can be entrusted with government. It may well be that this will now happen and your advice, if it were then the same, could more safely be followed next time.

However, the point is that you demonstrated once again that splendid independence which has always characterised the editorial columns of your newspaper. As you know, I was privileged to be a director both of the Financial Times and your parent company for eight years. I sat on the board with such great men as Lord Droghda, Lord Gibson and your famous predecessors, Sir Gordon Newton and Fredy Flaherty.

While we would occasionally gossip at board lunches about matters of political and commercial interest, there was never any attempt to influence editorial policy. I am sure that this would also have been the case on this occasion.

I repeat, therefore, that while I disagreed strongly with your editorial advice I support totally your right to proffer it. C R E Brooke,
Camden Investments,
20 Old Bailey,
London EC4M 3LN

From Mr Hugh Marsden.

Sir, I have fully appreciated the identifying feature of the Financial Times being pink in colour but I had not realised how indicative it was.

Your leading article "The day of decision" in your edition the day of the election ends with a bias towards the Labour party - risking change for the sake of it.

If you have reasonable memories of the 1960s and the 1970s you will remember what "grey days" they were with union leaders and politicians hogging the headlines and telling us how to run our lives.

There was no pride in being British and our industry was very unimpressive with low morale. We live in a different world today, although it may not be a better world for many. However, there have been many achievements which I feel the press and the politicians might willingly recog-

nise, whatever their colour or creed.

My disappointment in the general election was that the politicians failed to raise any proper debate upon which we should decide for whom to vote. This is surely only surpassed by the failure of the press properly to draw this to the attention of the public.

The record of the Labour party in government has not been very satisfactory, nor indeed has any other party. The purpose of any government is to provide a stable background in which we can lead our lives and prosper.

On the social front, it is important to help those most in need efficiently and without wasting taxpayers' money. The eventual question to be answered surely, is do you trust Labour to spend your money better than the Conservatives.

Certainly Labour will spend more of your money. This factor decided my vote! Hugh Marsden,
S P Angel & Co,
BIBBA House,
14 Bevis Marks,
London EC3A 7NY

From B J N Taylor.

Sir, Happily, in my view, a majority of voters ignored your leading article "The day of decision" when making their own decision concerning their vote in the general election.

In common with all of our readers, I now have, I hope, five years in which to seek to recover from the shock engendered by your proposal that a modernised Labour party should receive the nation's confidence.

How you could, in the same column, set forth a statement of the Financial Times's values and a preference for a Labour victory, is beyond me. I am so relieved by the fact that enough of the people did accept the contention that the risks attendant upon a change were, in truth, of such significance and downright danger as to be unacceptable, that I might feel able to continue to subscribe for your paper.

B J N Taylor,
Cophorne,
Wrens Hill,
Leatherhead,
Surrey KT22 0EU

From Mr David Henkel-King.

Sir, Thank you for your careful leader analysis and Labour recommendation, which, despite the election result, shows that at least someone is keeping a clear mind. As far as an Englishman who has already left England, all the talk of "keeping socialism out" in the UK looks rather odd to me here in Austria where the government is a conservative/socialist coalition led by socialist chancellor with a doctorate in banking. Such a comparison would probably be lost on some of your letter writers of April 10 who continue to use the word "socialism" as if the Cold War hadn't ended. As far as political stance goes, it seems to be forgotten that the FT recommended the Tories in 1987.

David Henkel-King,
SGP-VA GmbH,
Stemmersstrasse 38,
Vienna 1211, Austria

From Mr David Allingham.

Sir, Following your editorial supporting the Labour party in the election I have cancelled my regular order for the FT.

I do not support the left in politics. Therefore, as it is all too obvious the FT feels that I may be inclined, I have no alternative but to cease taking it. David Allingham,
White Hall,
Sunderstone,
King's Lynn, Norfolk PE31 8SB

From Mr Richard Morgan.

Sir, Congratulations on your pre-election editorial, concluding, marginally, with advice to vote Labour.

Not that I agreed with you: I didn't. But I admired the fearlessness with which you reached and published a judgment that was unlikely to be shared by most of your readers. This action increased the confidence which I already felt that your editorial stance would be based, not on prejudice, but on relevant facts as you saw them - unlike nearly all other press editorials.

Richard Morgan,
11 Malbrook Road,
London SW15 6UH

Further Letters to the Editor appear on page 17.

TELEVISION

Tears for the clowns

HOW SAD — almost unbelievable — to have lost Benny Hill and Frankie Howerd, the last two great clowns of their generation, probably (as it seems at the time of writing) on the same day.

Happily Hill had at least lived long enough to see his show restored to ITV where, even as a repeat, it was once again winning his ratings. A few years ago he was taken off British screens thanks to the influence of feminists and politically correct "alternative" comedians who, in the mindless mantra of the times, accused him of "sexism".

The continued and growing popularity of his old series, with their pantomime humour and simple comic songs, in 100 countries overseas must have helped sustain his pride and eventually persuaded Thames TV of the absurdity of suppressing his work in his own country. Scarcely changing in nearly 40 years (Hill was 67) his shows had unparalleled success in attracting huge audiences for both BBC and ITV. Only Morecambe and Wise came anywhere near his long term popularity.

Howard (who was born Howard, in York not London, though he grew up in Egham, and according to his manager was 75 and not 70 when he died on Sunday) was much less identified with television. He was clearly most comfortable performing with a live audience.

At the Garrick in London's West End two years ago he had the audience, consisting almost entirely of teenagers, working for him like a chorus. "No, please! It's not funny," he would say, pursuing those expressive lips and nodding his head back towards his accompanist and the audience would finish the line with him. "It's wicked to mock the afflicted!" With a silly beam he would ask "Isn't it whimsical?" And then, with a frown, "Isn't it?" and the chorus chanted "Well, please yourselves".

It is easy to describe his routine but, as with all great stand-up comedians, impossible to analyse its success. How did Howard make "Ooh no, missus" so funny? His television work, notably as Lucio the slave in *Up Pompeii*, was as vulgar as anything Hill ever



did. Both owed much to the style of Max Miller, they challenged you to admit to the mischief in your own mind. However rare Howard's television appearances, they will be terribly missed. With Eric Morecambe and Tommy Cooper already gone, Hill and Howard represented just about the last of a great line.

Channel controllers clearly consider Easter a good time for bringing out enormous long programmes. Did you sit right through the four hours five minutes of *The Undeclared War on BBC?* I tried, really I did. Marcel Ophuls has proved with *Le Chagrin et la Pitié* and *Hotel Terminus* that the French can make huge engrossing documentaries about their wartime experiences, and several of Bernard Tavernier's feature films (especially *Life and Nothing But*, shown by BBC2 on Monday) have been extraordinarily powerful. So his vast documentary

about French conscript experience in the Algerian war might have been compelling, but actually it sent me to sleep. Three times.

How about Jana Bokova's *Argentinian Journey*, shown in *Arena*? At least this was split into three episodes, each lasting 60 minutes on successive nights, but it, too, had me nodding by the time we were introduced to the unimpeachable drummer in Part 3.

To be fair, Bokova's visual style has a stark purity which you rarely find these days outside the work of still photographers, and her pictures of Argentina were beautiful and deeply involving. But the drumming was so much more monotonous and unimpressive than the guitar playing.

There is perpetual talk about the death of the single play on television, yet BBC2 has just completed a run of 12 single dramas in the *Screen Two* series which has proved what a

virtue form it remains. Titles in March and April have included *Truly, Madly, Deeply* with Juliet Stevenson's endearing performance as a young woman who recalls her lover as a ghost; *The Last Romantic* in which Nigel Williams somehow fashioned the Quiller-Couch/Leavis cultural war into a readily comprehensible drama; and this week, in a fitting climax, an adaptation of *Muriel Spark's Memento Mori* which was like an OAP victory parade. Michael Hordern, Stephanie Cole, Thora Hird, Cyril Cusack, Maurice Denham, all were superb. It will be astonishing and pleasing if 1992 produces any drama to beat this for sheer enjoyment.

We are told that the BBC is thinking of employing Saatchi and Saatchi to advertise its programmes because *The Camomile Lawn* on Channel 4 achieved an audience of 7.9m following a £100,000 advertising

campaign. This is a bit like saying that Rodney died two minutes after drinking a cup of tea, without mentioning that he was run down by a bus. What *The Camomile Lawn* argument omits is that the drama starred Felicity Kendal and featured lots of rumpypumpy. Advertising or no advertising, it would have attracted a big audience.

Anna Raphael's programme about the model and would-be guru "Rytasha" in Channel 4's *True Stories* was a beautifully straight-faced put-down of what appears to be an outrageous example of superciliousness and hypocrisy. This latter-day Lady Bountiful swans about Bangladesh distributing charity collected from the bickering matrons of Palm Beach and having her feet bathed by her "disciples". However, the programme offered yet another example of the disadvantages in having neither on-screen reporter nor even a voice-over: surely every viewer wanted to know why this woman wears such weird turquoise contact lenses, and why she has two black dots on the end of her uncannily pointed nose.

How despicable of politician John Gummer to attack the BBC for screening a programme — *Heart Of The Matter* — giving a platform to those clergymen who discount the supernatural elements of Christianity and see the old stories, such as the resurrection, as metaphor.

Day in day out, year in year out, the BBC serves as chief proselytiser for Christianity in Britain, despite the fact that Christians are not even the largest church-going group any more. In a country which aspires to freedom of expression and plurality of views it is a disgrace that the national broadcasting organisation should align itself with just one of the popular religions. You can imagine the fuss politicians would make if the BBC aligned itself with just one political party. Yet here is Gummer attacking the Corporation for providing one programme which, even though it is concerned solely with Christianity, does not happen to reinforce the beliefs of his particular faction.

Christopher Dunkley

Theatre

A Little Night Music

If Plymouth's Stephen Sondheim is less appealing than Leicester's, the fact is that *A Little Night Music* is in itself a less enticing proposition than *Merrily We Roll Along*. It came some nine years earlier in the Sondheim oeuvre, and the idea of setting Ingmar Bergman's romantic film-comedy *Smiles of a Summer Night* to waltz-time got a brittle realisation, one that needs all the stage help it can get.

Roger Redfarn's Plymouth production has its merits. There are pretty sets by Martyn Bainbridge: a decayed proscenium arch, trellises, a large mock-rocco fresco, shadowy trees outside Grandamma's chateau (far too many bright stars, though, for a midnight-sun night). Reduced to two pianos and a cello, all commendably expert, the score sounds brittle rather than ever — pastiche operetta, even G&S, with ingenious rhymes over mildly queasy waltz-harmonies. One misses

the original string ensemble. The one surefire number, "Send in the Clowns", comes near the end; there is nothing so memorably apt and infectious as "Old Friends", midstream in *Merrily We Roll Along*.

The real trouble, however, lies with the adaptation (by Hugh Wheeler and Sondheim). In Bergman's comedy, quite naturalistic and slightly cruel, a weary, unglamorous lawyer, with a still-virgin bride of 11 months, competed with an icily formidable Count for the favours of a famous actress (the irreplaceable Eva Dahlbeck). In the musical the Count is only a blustering dunderhead and the equally icy Countess a lachrymose Wronged Wife; the lawyer becomes a mature romantic hero — attractively played here by Gary Raymond, sung at variable pitch.

Rula Lenska puts a credible face on the actress, and Richard Lyndon and Deborah Grant do their best for the

sadly déclassé aristos, but the tense class-divisions go for nothing, leaving the story lame. Worse, for Broadway the ultra-dignified Grandamma — once a famous courtesan — was turned into a raunchy old dame, a coarse Lady Bracknell. Though Hermione Gingold just about got away with it, this gross cartoon lies well outside Eileen Page's more delicate range.

Kate Arnell's lusty maid is fetching, and Dermot McLaughlin makes something of his under-written role as the lawyer's greenstick son (piety sabotaged by rampant adolescence). The child-bride is Lisa Hollander, who sings and smiles charmingly, and delivers each new line as if it had nothing to do with her last one.

David Murray

Plymouth Theatre Royal. Runs until 2 May.

Charlemagne

Sarah Miles' first play, *Charlemagne*, is a bold swipe at the issues surrounding transvestitism and transsexuals. Beneath the shrouds and the violence, she has written a fine, tense play about an unusual subject. If it lags conceptually, it is never emotionally or visually dull; and it is superbly acted.

Miles has created an intriguing triangle. Harry writes, Clara rides; they live on a West Country farm, the Aga and the trust fund bubbling gently in the background. They are trying for a child.

Before this becomes a New Yorker short story, Lillibet, friend and dolphin therapist from Los Angeles, arrives to discover that Harry is a transvestite who secretly dresses as Hattie. The plot follows Harry into Hattie through hormone therapy then surgery, and Clara through a

course of compromises which allow her to keep loving him/her. Lillibet ends up happily pregnant with a dolphin man from Greenpeace.

The "wickedly naughty" atmosphere promised on the play's handbills takes the form of other sexual undertones. These emanate from the eponymous Charlemagne the stallion at stud "pungent with sweat and apple leather" from hinted lesbian affairs at college ("cuddling in the ha ha"), and from world music fertility dances to set the hips gyrating.

Sex and sexuality, however, are not everything, even if they seem so for Harry. He/she says, "we're totally harmless, we just make others squirm." The issues of nature-nurture, sexual identity and role-playing are present if not thoroughly worked out, so the play makes one feel voyeuristic and at times prurient; and there are

genuinely shocking scenes. Miles wisely concentrates on the women's reaction as they watch Harry's "imbalance" take over his life.

Greg Hicks as Harry mines and convinces, playing this difficult role with great tact. Linda Alexander as Lillibet ("I see the disappointment in your body language") is a fine LA psychobabier.

Sarah Miles herself is the plucky Clara, all confusion and jodhpurs. Lisa Forell directs meticulously, especially the confession and confrontation scenes. As Meredith said in *Modern Love*, then each applied to each: "a fatal knife, deep questioning, which probes to endless dole."

Andrew St George

The Old Fire Station, Oxford, until 25 April (0865-794494).

A Dead Secret

There is nothing like death to revive a reputation. Rodney Ackland, one of the most subtly provocative playwrights of the century, was blasted into oblivion by *Look Back in Anger* and the obsession with "realistic" drama in the 1950s. He died, virtually forgotten, last year. Now his plays are everywhere, especially if every-where includes Richmond. Currently you can see his brooding 1943 masterpiece *The Dark River* at the new and enlarged Orange Tree while around the corner at the refurbished Richmond Theatre is his earlier work *A Dead Secret*.

On the surface this was a play of its time (the early 1930s), a safe pot-boiler for weekly reps — a solid fictionalisation of the case of the arsenic poisoner Frederick Seddon. In his programme notes the director, Roger Redfarn, reminisces how he first appeared on the stage as the second, totally silent, totally unnecessary, constable, who in the final minute appears to arrest the Seddon

character.

Even today this touring production fills the stage with a solidly satisfying set, an Edwardian villa down to the aspidistra and stained glass, and stretching up two floors, plus a throng of actors. But while much is familiar and unexceptional Ackland, always an outsider, unsettles the progression of a predictable plot with a brooding uncertainty. Did Seddon, here called Frederick Dyson and played by Edward Woodward, murder his rich lodger or was he the victim of his miserly, self-righteous, bigoted, character?

While lesser playwrights would have forced up the temperature with an on-stage murder, or a combative court scene, Ackland concentrates on the character of Dyson. We only learn in an aside that Maria Lummus (Vivienne Martin) has died. This is the dissection of an ordinary man, with banal vices, caught in extraordinary circumstances. Everything revolves around Woodward — known to clerk

and servant as "The Great I Am". Unfortunately he only takes full command of the role in the third act. Then the earlier longeurs are seen to be the fault of performers rather than of play. Woodward is considerably bolstered by Michele Dotrice, a decent woman still besotted with her warped husband, and by Ariol Smith as the batty maid. Even the children are credible in a play which works at one level as an exposure of pre-1914 lower middle class gentility and at another as a clue-ridden detective story.

In the final moment you start to feel sorry for Dyson, concerned at his fate. And you realise how clever Ackland has been at balancing the need of an audience for a spine tingling melodrama and his own desire to create a character of classically tragic stature.

Antony Thorncroft

Richmond Theatre until 18 April, then on tour.

Lucerne Easter Festival

Is there room for yet another event on Europe's crowded festival map? The answer after the inaugural Lucerne Easter Festival must be a guarded "yes". Long ago, Lucerne boasted a lively tradition of Passion plays at Easter, dating back to the Middle Ages. Over the past 50 years it has developed one of the most successful summer music festivals. The new festival aims to build on these twin pillars. The danger was that it would turn out to be nothing more than a miniature replica of the summer event — or worse, a copy of Salzburg's Easter Festival, which has little to do with the people of Salzburg and even less to do with Easter.

Lucerne has avoided that. After an initial tussle with the city's church and musical establishment — which feared that its own Easter celebrations would be overshadowed — the festival drew up a programme which struck a balance between local and international forces, between spiritual and secular.

The first part, from Maundy Thursday to Easter Sunday, was devoted to sacred music, shared among Lucerne's magnificent churches and in some cases dovetailed into Easter worship (and therefore free). Philippe Herreweghe conducted a period instrument performance of the St Matthew Passion, and Andrew Parrott a Schütz programme. Local forces contributed Honegger's early *Easter Cantata*, suggesting that Switzerland at least is not ignoring its centenary.

This contrasted with the final three evenings of expensive concerts in the Kunsthallen, where the London Symphony Orchestra under Mariss Jansons and Michael Tilson Thomas explored the more earthly visions of Honegger's *Pacific 231*, Berlioz's *Symphonie fantastique* and Mahler's First Symphony.

The centrepiece of the festival was an Easter Vigil in the Hofkirche, a twin-spired Roman Catholic church with the architectural dimensions and acoustical spaciousness of a Gothic-Romanesque

cathedral. Guillaume de Machaut's 14th century *Messe de Notre Dame* formed the main structure of the service, interspersed with extracts from Messiaen's *Messe de la Pentecôte* for organ and a selection of 12th century songs by Hildegard von Bingen (the latter evoking the same mystical spirit as the birdsong in the Messiaen).

For those primarily interested in its devotional aspect, this was a mass of unusually pure musical dimensions. The four voices of the Taverner Consort, filling the darkened nave in the solemn opening Kyrie, showed their mastery of Machaut's unpredictable rhythms and harmonic modulations. Emily van Evera delivered Hildegard's unaccompanied songs with the same simple radiance as the candles held by the congregation. The priest, Father Gerold Beck, was in no way outclassed in his vocalisation of the Gregorian *Lumen Christi*, and of course the crowded congregation were able to join in the sung responses.

For those who went for the music alone, the benefit of hearing it in this atmospheric, incense-filled context was offset by the amount of liturgy on offer — the service lasted nearly two-and-a-half hours — and Machaut's Gloria was spilt by the simultaneous clanging of church bells. A work commissioned from the avant-garde Swiss composer Klaus Huber did not materialise, and Krzysztof Penderecki's new *Benedicamus Domino* was so short and self-effacing as to be indistinguishable from the Machaut.

And yet this was a genuine Easter celebration. The new festival director, Matthias Bamert, will doubtless want to explore a much wider spectrum of Easter activity in future, perhaps embracing scenic oratorio, church opera, dance and even film. But a useful start has been made.

The production is sponsored by Swissair and American Express.

Andrew Clark

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

BERLIN

Schauspielhaus 20.00 Greater Boston Youth Symphony Orchestra plays works by Barber, Bernstein and Gershwin. Tomorrow: CPE Bach Orchestra (East Berlin 2030 2158). Philharmonie Kammermusiksal 20.00 Trio Berlin plays piano trios by Ravel, Beethoven and Brahms. Tomorrow: Majella Stockhausen (West Berlin 2548 8232). Deutsche Oper 20.00 Song recital by Marianna Haggander and Jorma Hynninen. Tomorrow: Fidelio (West Berlin 3410 243). Staatsoper unter den Linden 19.00 Heinz Fricke conducts Der fliegende Holländer. Tomorrow: Faust (East Berlin 2004 782). Komische Oper 19.00 Georg Katzer's new opera Antigone oder die Stadt. Tomorrow: Die schwelgische Frau (East Berlin 2292 555).

COLOGNE

MUSIC
Tonight's performance at the

Opernhaus is Die Entführung aus dem Serail, also Fri and Sun. Tomorrow: Jochen Ulrich's ballet Vom Zorne des Achilleus. Sat: Carmen (221 8400). Sat and Sun in the Philharmonie: Matislav Rostropovich (2801).

THEATRE

This week's repertory at the Schauspielhaus includes a Maurice Kagel-Samuel Beckett evening tonight, Edward Albee's *Who's Afraid of Virginia Woolf?* tomorrow and Strindberg's *Dance of Death* on Fri. Sat: new Tanz Forum production, with choreography by Jennifer Müller, music by Burt Alcantara. The Kammerpiele has plays by Strindberg and Maxim Gorki (221 8400).

DRESDEN

Semperoper 19.00 Die Entführung aus dem Serail. Tomorrow and Sat: ballet triple bill. Sun: Die Zauberküche (4842 731). Sat and Sun in Kulturpalast: Olaf Henzold conducts the Dresden Philharmonic Orchestra in music by Dvořák and Smetana (4886 306).

GENEVA

Grand Théâtre 20.00 Bruno Bartoletti conducts Lorenzo Mariani's production of *Quattro Rusteghi*, opera by Wolf-Ferrari (212311).

THE HAGUE

Dans Theater 19.30 Nederlands Dans Theater in a triple bill of choreographies by Jiri Kylian

and Oshad Naharin. Repeated tomorrow, Fri and Sat (380 4930). Dr Anton Philipszaal 20.15 Schoenberg Ensemble in a programme including Schnittke's Third Violin Concerto played by Peter Brunt (380 9810).

HAMBURG

The Deutsches Schauspielhaus has Arthur Miller's *Death of a Salesman* tonight and Brian Friel's *Dancing at Lughnasa* tomorrow. Fri: first night of new production of *This Story of Yours*, a 1968 play by John Hopkins in which he gives the same kind of strong, unvarnished view of the police that he brought to his BBC TV series *Z Cars* (248713).

MUSIC

Tonight's performance of Das Rheingold at the Staatsoper is conducted by Gerd Albrecht, with a cast including Hanna Schwarz, Hartmut Welker, Günter von Kannen and Horst Hiestermann. Tomorrow and Sun: Ariadne auf Naxos with Margaret Price and Klaus König. Fri: ballets by Neumeier and Balanchine. Sat: Neumeier's *Fenster zu Mozart*. Sun morning in the Musikhalle (also next Mon and Tues evenings): Gerd Albrecht conducts Haydn's *C major Cello Concerto* (Heinrich Schiff) and Bruckner's Seventh Symphony (351721).

LONDON

Covent Garden 19.30 Sylvie Guillem stars in Kenneth MacMillan's Royal Ballet

production of Manon. Also tomorrow and Sat with alternating casts (071-240 1066). Coliseum 18.15 Mark Elder conducts David Pountney's ENO production of Don Carlos, with Rosalind Plowright, Edmund Barham, Jonathan Summers and Linda Finnie, also Sat. Fri: Madama Butterfly (071-936 3161).

Regal Festival Hall 19.45 Iona Brown conducts the Academy of St Martin in the Fields in symphonies by Haydn and Schubert, plus Beethoven's First Piano Concerto with Jeffrey Kahane. Tomorrow: London Mozart Players. Fri: Charles Mackerras conducts the LPO. Sun: violin recital by Tasmin Little (071-928 8800). Barbican 19.45 London Oriana Choir in Mozart's Coronation Mass and Rossini's *Stabat Mater*. Sun: Michael Tilson Thomas conducts Mahler's Ninth Symphony (071-638 8891).

NEW YORK

State Theater 20.00 First night of New York City Ballet's spring season: Peter Martins' production of *Sleeping Beauty*, daily except Mon III May 10. NYCB season continues till June 28, with additional matinee performances on Sat and Sun (870 5570). Metropolitan Opera 20.00 American Ballet Theatre triple bill, including Michael Smuin's new choreography of Peter and the Wolf. Tomorrow till next Wed: Giselle (362 6000). Alice Tully Hall 20.00 Beaux Arts Trio with Lawrence Dutton violin. Tomorrow, Fri, Sat in Avery

Fisher Hall: Kurt Masur conducts the New York Philharmonic Orchestra (875 5030).

PARIS

Palais Garnier 19.30 Pierre Lacotte's Opera Ballet production of *La Sylphide*, also tomorrow (4017 3535). Opéra Bastille 19.30 Myung-Whun Chung conducts *Un ballo in maschera*, with Dennis O'Neill and Alexandru Agache, also Sat. Fri: Les Contes d'Hoffmann (4001 1816). Auditorium, Forum des Halles 19.00 Ysaye Quartet plays works by Mendelssohn and Mozart. Tomorrow: song recital by Sharon Sweet (4028 2840).

● A 24-hour recorded telephone guide to Paris entertainments is available in English by dialling 4720 8898.

PRAGUE

OPERA/ATHEATRE
Prague State Opera (formerly Smetana Theatre): Hilary Griffiths conducts tonight's Zemlinsky double bill. Tomorrow and Sun afternoon: Swan Lake. Sat: Rigoletto. Sun evening: Martinu's *The Greek Passion*. Estates Theatre: tonight's performance is Václav Havel's play *The Garden Party*. Tomorrow: *Le nozze di Figaro*. National Theatre: this week's repertory includes *La bohème* on Fri and *The Bartered Bride* on Sat. CONCERTS
Smetana Hall: Václav Neumann

conducts the Czech Philharmonic Orchestra tomorrow and Fri in a programme featuring Martha Argerich as piano soloist (231 9184). Sun: Paul Zukofsky conducts the Prague Symphony Orchestra in a programme including Busoni's *Bercesse* (Elegiac) (1909), Ruggles' *Angels* (1939), Arthur Schnabel's *Third Symphony* (1949) and two works by Delius (*in Prase* brany 2, tel 232 3558).

● For pre-booking and information about other events, contact city centre ticket agencies (Bohemia, Na Příkopě 16, tel 228738, or Melantrich, Wenceslas Square 38 in the passage, tel 228714) and theatre box offices.

ROME

Teatro dell'Opera 20.30 Roland Petit triple bill, including a new work entitled *Ballet d'Opéra*. Repeated on Fri and Sun (488 3641). Tomorrow in Teatro Olimpico: Gregg Smith Singers and Les Percussions de Strasbourg (232 4890).

VIENNA

Staatsoper 19.00 Bruno Weil conducts *Le nozze di Figaro*, with Gunda Bohman, Boje Skovhus and Anton Schäringer. Tomorrow: Katya Kabanova (51444 2950). Konzerthaus 19.30 Tatiana Grindenko conducts the Moscow Chamber Academy in works by Vivaldi, Haydn and Corelli. Tomorrow and Fri: Gary Bertini conducts Bartok and Schoenberg (712 1211).

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY

CNN 2000-2030, 2300-2330 World Business Today — a joint FT/CNN production with Grant Farrow and Colin Chapman

Super Channel 0830-0900 (Mon) FT East Europe Report — weekly indepth analysis from EFTV 2130-2200 (Tues) Media Europe — what's new in European media business 2130-2200 (Wed) FT Business Weekly — global business report with James Bellin 0830-0900 (Thurs) Media Europe 2130-2200 (Thurs) FT Eastern Europe Report 0830-0900 (Fri) FT Business Weekly

Sky News 0130-0200 (Mon), 2130-2200 (Thurs), 0830-0900 (Fri) FT Business Weekly

SATURDAY

CNN 1900-0930 World Business This Week — a joint FT/CNN production 1800-1930 World Business This Week

Super Channel 1930-2000 FT Eastern Europe Report

SUNDAY

CNN 1030-1100, 1800-1830 World Business This Week

Super Channel 1800-1930 FT Business Weekly

Sky News 1330-1400, 2000-2100 FT Business Weekly

FINANCIAL TIMES

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Wednesday April 22 1992

Chilly spring in Washington

FLOWERING cherry trees and the faint stirring of a US recovery make Washington a welcome destination for the recession-weary. But the finance ministers of the world's leading industrialised countries will not find any soothing remedies at the coming week's jamboree. The world's economic problems are largely home grown; they require domestic action, not co-operative inaction.

The exchange rate co-ordinating role of G7 summits has all but died. Managed world exchange rates have been replaced by domestically oriented monetary policies. And a good thing it is too. The US authorities' attempts to manage the rise and fall of the dollar effectively by manipulating Japanese interest rates were in large part responsible for its subsequent boom-bust cycle.

Some of the old rhetoric remains. The US will call for other countries to follow its lead and cut interest rates aggressively. Japan will cautiously agree, while fretting about the value of the yen. But Germany, the new bugbear of the US growth lobby, will rightly point to its domestic inflationary problem as a reason for keeping its interest rates high, regardless of the wishes of the US administration. The rest of Europe will sit in glum silence.

Fiscal consolidation

Benign G7 summits may avoid monetary policy errors, but they may also act as an excuse for necessary action elsewhere. The need for fiscal consolidation is unlikely to figure strongly in the forthcoming discussions. Instead, a communiqué will stress the desirability of sustainable non-inflationary growth and low world real interest rates. The IMF will produce yet another report forecasting a world recovery next year. Everyone will feel a little better; no one will be any the wiser; and the chances of a strong world recovery will remain remote.

Yet the fiscal irreverence of certain G7 governments is now an even greater problem for world economic growth than in the late 1980s. The US, UK and Japan have no choice but to deflate away their heavy private sector debt burdens, having rightly, if bravely, eschewed the inflation route. But the pain, for these countries, and indeed for debtors everywhere, is

made more severe by the current high level of world real interest rates that developed country budget deficits have brought.

The US is the most experienced fiscal profligate. Because it failed to close the budget gap in the late 1980s, despite rapid economic growth, fiscal policy has not been available to kick-start the current sluggish recovery. Even if Congress had agreed to the president's proposed fiscal package, the result would have been higher long-term interest rates.

Ostensible culprit

Little wonder that the US administration has looked elsewhere to source its pre-election recovery. But the European economy is unlikely to oblige. The ostensible culprit is the European exchange rate mechanism, which is keeping interest rates painfully high. But it is irresponsible fiscal policy, this time in Germany, that is once more to blame.

The German government has failed to build a consensus around the need to pay for the reconstruction of east Germany. Instead of tax increases and west German spending cuts, they have paid the bills by large-scale borrowing, increasingly through off-budget financing vehicles. The Bundesbank has had no option but to push up interest rates to offset the resulting inflationary pressures. The ERM has exported these high rates, and the unemployment they bring, across Europe.

The world economy remains on a knife-edge. It needs lower interest rates to fuel economic growth, and soon. Slow or no growth makes it politically difficult for the G7 to tackle the other issues they face: aid for the former Soviet republics, trade liberalisation, relief for debt-burdened Africa.

Yet European interest rates, and US long rates, are unlikely to fall until the structural component of the US and German deficits are brought back into balance. Japan can and should cut interest rates further. The UK has room for a half-point cut. But Europe looks set to face high real interest rates throughout 1993 until either Germany shows signs of bringing its fiscal deficit under control, or the ERM crumbles under the strain. The former would be preferable; the latter looks increasingly likely.

A Lloyds bid for Midland

LLOYDS Bank will decide later this week whether to attempt to buy Midland Bank in the teeth of an agreed bid by Hongkong and Shanghai Banking Corporation. It should summon up its courage and press ahead.

To urge Lloyds to bid is to fly in the face of received wisdom, which argues that the UK banking sector is already too concentrated, and that hostile bids for banks are at best unseemly and at worst disastrous.

There is truth in both these arguments; but the case for a Lloyds bid is strong enough to override them. Lloyds is the best managed of the big UK banks. The point of its bid would be to integrate two UK domestic branch banking networks, aiming for huge cost savings - some £500m a year or more. Since Lloyds is likely to offer its shares in exchange for those of Midland, the gain would accrue to both sets of shareholders.

The scale of the potential gains is a strong argument for a bid; it indicates the extent to which the historic pattern of banking in the UK has left the country with too many branches and too much managerial and material infrastructure to support them.

Throughout the 1980s, despite the potential savings from computer technology, the big banks continued to allow their staffs to grow. In the last couple of years, individual banks have at last started to make big cuts in staffing and branch networks.

Full integration

However, only a full-scale integration of two banks is likely to bring about the scale of cost-cuts the industry needs. By transforming its own cost structure, a merged Lloyds/Midland would put enormous pressure on its big rivals, National Westminster and Barclays, to make corresponding savings. Customers would benefit along with shareholders.

There is another important lesson from the scale of the potential savings: it illustrates a drawback of the existing bid. From the Hongkong Bank. In that bid, potential cost savings are much smaller: the Hongkong Bank argues instead that it could run Midland better than it has been run up to now, helped by its stronger capital base.

Midland could certainly use more capital; but the Hongkong Bank's record of managing large overseas businesses is not encouraging. Indeed, it is hard to think of a single cross-border bank acquisition in a developed economy which has proved a resounding success. Domestic mergers of overlapping banks, though still risky, have a better record.

So much for the advantages of a Lloyds bid; what are the potential drawbacks? The first is that, by taking on Midland's problems, Lloyds itself might be fatally weakened. A year ago, with the scale of Midland's difficulties still unclear, that uncertainty might have been enough to render a Lloyds bid imprudent. Now, with the benefit of a new management's unsentimental judgment of the Midland books, the risk looks far less, as the timing of the Hongkong bid indicates.

Potential drawback

A second potential drawback is the harmful effect on competition of reducing Britain's Big Four banks to a Big Three. In most of the UK's financial services markets, however, there is abundant competition, which would not be lessened by a merger. Retail banking for individual customers, wholesale banking for large companies, investment banking for corporate finance customers - in all these markets, a customer can pick and choose at will between fiercely competitive suppliers.

This is not true, however, in one of the most politically sensitive areas of banking: lending to small businesses. It lacks the new entrants - from abroad, or from the building society sector - which have made the rest of British banking so competitive. Building a nationwide network of bank managers experienced in assessing the credit-worthiness of small business is an expensive business. This is why the new entrants have not rushed to do so; it is also an argument against allowing the elimination of one such network.

Balancing that issue against the gains to competition from transforming the banking system's cost structure is a task for the competition authorities. Fear of such an investigation should not deter Lloyds from going ahead.

For Mr Yegor Gaidar, the first deputy prime minister in charge of economic reform in Russia, the past week has been the end of his beginning. He and his team of reformers have survived the popular disaffection over price liberalisation. They have also survived a Congress of Peoples' Deputies in which their policies were excoriated.

Now begins a new period: over the past few days, senior government ministers have stressed that it will usher in significant modifications to the reform process. The turn in policy is not being executed because of intolerable popular pressure: the anti-government demonstrations have been poorly attended, while the Congress, though showing an anti-reform majority, has been manipulated into surly acquiescence.

Both the street protests and the Congress have been deeply inhibited by the fact that they do not represent real voters. Their most active leaders are former Communists who, although they can profit rhetorically from the harshness of the government's measures, cannot reap real political rewards because of the reluctance of the population to give them their trust. The run the government inherited is the Communists' principal legacy. Their rhetoric cannot hide this truth.

The policy change has been made more because of fears of the future, than because of the pressures of the present. Mr Gaidar, the reform's architect, made this clear when he said in an interview that "we have had three years of strong negative growth from 1988 to 1991. We paid for the absence of reform: now we must pay for reform. We cannot stand three more years of that: one year only [1992] is possible. The long-term structural agony of this economy will create a very unpleasant situation - we must get growth."

As the government has repeated many times over the past week or two, the "successes" of the first quarter of the year permit some relaxation. Mr Gaidar insists, for example, that in the first three months of the year the budget was balanced: the Ministry of Finance says there was a deficit of about 1% per cent of gross domestic product on an actual expenditure basis and 5 per cent on the basis of commitments, although international financial institutions suspect it may be about 10 per cent.

Even so, fiscal policy has been a success, particularly when output in the first quarter is estimated to have fallen by more than 13 per cent from the level of the same quarter of 1991. The budget deficit of the Russian Federation was, after all, about 30 per cent of GDP in 1991, allowing for Russia's share of the revenue and expenditures of the former Soviet Union.

What is more, after serious teething difficulties, the Ministry of Finance has achieved something that has eluded most post-Communist governments: the establishment of a reliable source of revenue independent of profits in the state enterprise sector. Revenue from value-added tax has risen from Rb10.5bn (\$88m at market exchange rate) in January, to Rb20bn in February and then to Rb24bn in March. To this will soon be added taxation of both domestic consumption and exports of oil and gas as their prices are raised towards world levels.

The new system of trade regulation, too, suffered from initial difficulties in January, following the introduction of a new system of

Russia is embarking on a new phase of economic reform which could reignite inflation, say John Lloyd and Martin Wolf

From catastrophe to mere crisis

export taxation. But postponement of the export taxes, introduction of a market exchange rate for hard currency and curtailment of administrative regulations reversed the declining trend in exports. In February they rose to \$3.8bn, from \$2.2bn in the previous month, while in March they rose to \$4.5bn. Meanwhile, rescheduling of payments of principal on medium- and long-term loans due in 1992 has saved Russia \$11bn of the \$21bn that comes due this year. The foreign exchange position is moving from the catastrophic to the merely critical.

Equally successful, if more brutal, was the price liberalisation at the beginning of the year. As has happened elsewhere, notably in Poland, prices climbed much more rapidly than the government forecast. Official estimates are that prices rose three and a half times in January and by another two-thirds from January to March. Unofficial estimates suggest that they rose still more.

This surge in prices has lowered officially estimated real incomes by 40 per cent, thus eliminating queues, the growing disequilibrium between nominal wages and the nominal value of output, and the "monetary overhang", or unspendable store of rubles, which had been among the main issues in the previous two years.

At the end of last year the stock of broad money (M2 on the Russian definition) was about 60 per cent of GDP. By the end of March 1992 that ratio had fallen to well below a quarter. Inevitably, money became very short, particularly cash, the demand for which (at the present face value of the notes) surpassed the capacity of the four printing plants (all located in Russia); many workers have been told that there is no cash for their wages.

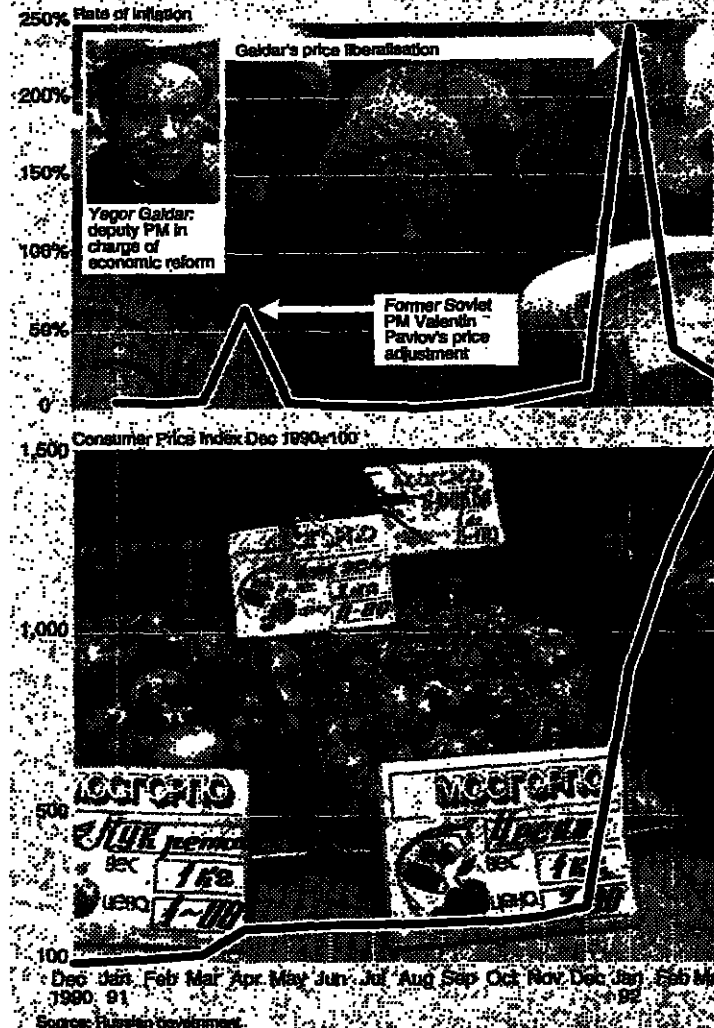
Nor should one ignore the most visible, if least quantifiable, success: the liberalisation of commerce. The pavements of Moscow have become the site of one of the world's most densely thronged street bazaars. This may add little to Russia's output; it may, indeed, be extremely inefficient; but it says much about the entrepreneurship of a population for which such activity was long a criminal, if not a capital offence.

These "successes" have had a high price. Output has fallen further from an already deeply depressed level. It has become clear, above all, that industry will not respond unaided and unprompted to the hidden hand of a still wildly imperfect market.

Unsurprisingly, post-Soviet enterprise managers have pushed up their prices, stockpiled the goods they cannot sell and sent good to other enterprises without any likelihood of payment. Inter-enterprise indebtedness has risen from Rb33bn at the beginning of the year to Rb500bn by mid-April. Mr

Russia's price explosion

From suppressed to open inflation



Andrei Nechayev, the economics minister, who receives a steady stream of such managers in his office in the former Gosplan state planning commission building in the centre of Moscow, has noticed an encouraging shift in their petitions: they no longer assume he can help them with supplies, but want him to dole out cheap money. Instead, he claims, he tells them to cut their prices, wages and staff.

However, he also now offers some help. He will soon authorise Rb200bn in extra investment funds from the Central Bank of Russia over the next six months, of which Rb120bn will go to industrial companies that, in his view, can use it for sensible investment. This in turn, would produce marketable goods. He has put aside Rb24bn to assist defence conversion (not much, given the scale of the problem) and another Rb400m for social protection of displaced workers in

the military sector.

Mr Nechayev hopes to pick a few winners, but also wants to force a few losers to the wall. He expects that Mr Boris Yeltsin, the Russian president, will soon sign a decree on bankruptcy. This will allow the government to force 10 or 15 companies into liquidation: a small beginning, but an important demonstration to others of the consequences of failure.

The right way for the government to proceed, as it has recognised in its memorandum to the International Monetary Fund of last month, is via rapid structural change. The list of requirements is long, the obstacles high and the technical difficulties immense. What is needed, emboldened, price liberalisation, including the raising of energy prices to world levels expected to be achieved by the end of 1993, starting with a sixfold increase in prices of crude petroleum from Rb350 to Rb2,000-2,500 a ton; auction of small-scale shops and enterprises (recently started in just a few cities); private ownership

of land; privatisation of food production and distribution; democratisation of industry; commercialisation of larger enterprises, leading to mass privatisation in early 1993; liberalisation of international trade; and effective convertibility of the ruble, including for interest, dividends and capital inflows.

Yet Mr Gaidar also argues, probably rightly, that the Russian economy needs to be "remonetised". Unfortunately, the monetary grease is to be provided by the central bank, a point on which, it should be noted, the government and the central bank do not now disagree.

Pointing to the shortage of money in the economy, which is one characteristic of an economy teetering on the brink of hyperinflation, the Central Bank of Russia is expecting an increase in the money supply of between 50 and 120 per cent this year. Some of that will come from monetisation of the budget deficit, expected to remain at about 5 per cent of GDP. A credit line to the Ministry of Finance of Rb67bn has just been established. More will come from the Rb500bn promised to enterprises, while another Rb70-80bn will come from schemes of Mr Goryev Matukhin, the chairman of the central bank. Applying the multiplier of 2.25 on central bank credit deemed normal in Russia, the resulting credit expansion is already Rb700-850bn, or about 50 per cent of recent levels.

Now wonder that Mr Gaidar still talks of inflation running at an annual rate of 40 per cent at the end of the year, while Mr Matukhin, probably more realistically, talks of 100 per cent. No wonder, too, that a "crawling peg", or moving, exchange rate is seen as more realistic than a fixed one. The question is whether "remonetisation" will prove a euphemism for resurgent inflation, especially when, even at its recently increased level of 50 per cent, the interest rate on credit from the central bank is far below the rate of inflation.

These plans are bound to be of serious concern to western donors, including the International Monetary Fund, the staff of which is in discussion with the government this week. The planned stabilisation fund of \$6bn would make little sense if the exchange rate were not to be fixed. The ruble market exchange rate, currently 150 to the dollar, is hugely undervalued. The exchange market is extremely thin. Nonetheless throwing dollars at it, in order to raise its level to Rb40-50, as the government hopes, might prove ineffective if monetary expansion were not under secure control.

The government of Russia deserves credit for what it has achieved. It deserves credit too for the ambitions it has for the future. Much - if not most - remains to be done, but the foundations are at last being laid.

Unfortunately, the government already seems to be tempted by the easiest of all paths, the one to the printing press. If it is not careful, Russia will become not a market-oriented great power, but another Brazil, caught in a never-ending series of short-term inflationary cycles, each one reducing still further the credibility of its government and its capacity to govern.

Mr Gaidar describes the need to print more money as "terribly unpleasant". It is worse than that. Inflationary finance is fraud. However tempting and however respectable, fraud is no basis on which to build the new democratic Russia.

Tax wizard takes over the helm at Hanson

Derek Bonham talks to Roland Rudd about his new role as chief executive of the Anglo-American conglomerate

Hanson's appointment of Mr Derek Bonham to the newly created post of chief executive begs a simple question: what does the job entail? For the Anglo-American conglomerate, run by Lords Hanson and White, has never before named a second in command.

In an interview with the FT, Mr Bonham, sporting a Hanson tie and tanned after spending the weekend with the two lords in Bexley, said the job would be "whatever I can create out of it".

He was unequivocal that his remit extended across both sides of the Atlantic. Just as he had been the group's financial director, spending a large amount of his time in the US, so he will now be in charge of managing Hanson's worldwide businesses - including those in the US.

This makes the position of chief executive the most senior post ever created within the conglomerate. Mr Bonham said the reason was to make it clear to investors that the management structure would be in place for the rest of the decade, given the advancing years of the two lords. He also believes it will lead the companies from taking a lead from Imperial Chemical Industries - in which Hanson has a 2.5 per cent stake - and attacking the group for its poor corporate governance.

"All the ducks are now in the right place," said Mr Bonham. "James [Lord Hanson] is a very youthful 70-year-old but he wants to make sure the younger team is in place under him."

Mr Bonham, recruited to Hanson in 1971 by Mr Brian Hellings, senior director responsible for finance in



Derek Bonham: worldwide role

a roving brief trying to spot the next acquisitions, which Mr Bonham believes are likely to be in continental Europe.

Mr Bonham said Mr Clarke, Lord White's chief executive and deputy in the US, would continue to have an "enormous job".

In describing what could be a difficult relationship - Mr Clarke yesterday suggested Mr Bonham's remit would not extend to what he called Lord White's domain - Mr Bonham used the current partnership between Lords Hanson and White as an example of how he sees the partnership between the two developing.

"A good chunk of what I am doing is based over here. But there are no rigid boxes and there has to be integration between the US and the UK. Just as James is chairman of the group so I am chief executive of Hanson plc."

The appointment is bound to be something of a disappointment to Mr Tony Alexander, the 53-year-old chief operating officer in the UK. Mr Bonham said he would continue to manage the UK businesses.

One of Hanson's financial advisers commented on Mr Bonham's appointment: "This underpins the importance not just of tax wizardry but of tough financial controls and squeezing as much cash as possible out of the businesses."

Such a view was an over-simplification, said Mr Bonham. As the architect of Hanson's tax policy, which led to the group paying one of the lowest corporation tax charges in the FT-SE 100 top companies, Mr Bonham is anxious not to exaggerate the importance of finance. But he said: "Finance is the largest part of the Hanson head office."

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Edward Mortimer

Nationalist enclaves in a community of fear



FOREIGN AFFAIRS

If you live in a part of the world that is still relatively comfortable and secure, how do you react to the troubles of less fortunate people whose homes and lives are being wrecked by conflict?

One way is to try to understand, to sort out the rights and wrongs, to become emotionally involved. Sooner or later, this almost inevitably leads you to take sides. Another way is to take refuge in a general condemnation of violence, blaming the conflict on the economic backwardness or primitive political culture of the people concerned.

In the former case, one will easily become the dupe of the self-deceptive and self-righteous arguments of one side, since conflicts where one side is wholly in the right and the other wholly in the wrong are rare. In the second case, one can slip into self-righteousness oneself, looking patronisingly on innocent and guilty alike, and failing to take seriously the fears and grievances of people who, in most cases, do not embark on violence for fun but in the sincere belief that only by doing so can they protect themselves and their "community" from extinction.

In reacting to events in Yugoslavia, the outside world has oscillated, perhaps fatally, between the approaches described above. Broadly, the latter approach prevailed until last December. The US treated the issue as a regional one, best left to regional institutions, notably the EC. The EC presented itself as an impartial mediator and would-be peace-keeper. But the fighting in Croatia went on, with the Serbs and the federal army appearing more and more obviously the aggressors. Public opinion was increasingly inclined, to the "goodies-and-baddies" approach, and in December this carried the day. The EC took sides, to the extent of recognising Croatia and Slovenia and maintaining sanctions only against Serbia and Montenegro. The US, at the time, made clear its disagreement with this approach. Now, however, it recognises not only Croatia and Slovenia (three months behind the EC) but also Bosnia-Herzegovina (simultaneously with the EC) and is putting the blame very loudly and publicly on Serbia for the continued fighting.

If I were a member of any of the three communities in Bosnia, I should find this procedure profoundly irritating. The best argument for not taking sides in Croatia was that the secession of Croatia from

The conflict in Bosnia illustrates the need for the international protection of minority groups



Yugoslavia was bound to be followed by the attempted secession of Bosnia and the extension of the conflict to that republic. The Moslem and Croat communities in Bosnia, forming a comfortable majority between them, were never going to agree to remain in a rump Yugoslavia which would be in effect nothing more than a greater Serbia. The Serbs in Bosnia – a much larger minority than the Serbs in Croatia – were not going to let themselves be carried out of Yugoslavia, and thus separated from Serbia, by a decision of the other two communities.

The traditional grounds for recognising a state would be that it exercises effective control over a given territory. By that criterion, Bosnia would surely have failed, given the presence on its territory of a

large number of units of the federal Yugoslav armed forces, which so far have not recognised its authority. There was no doubt, a case for using recognition as a lever to help produce a non-violent settlement between the communities. But if that was the goal, the requirement should have been that the request for recognition come from a government representing all three communities, not that the numerical superiority of two of them over the third be demonstrated by a vote.

It is that notion of "community" which lies at the root of so many conflicts. If one member of a community kills another, that is deplorable but we expect the community to deal with the matter according to its own procedures. But if we feel that the killer and the victim belong to different communities, then all of us in the victim's community see ourselves as threatened: we require protection against, or reassurance from, the killer's community. Nations and states are partic-

ular forms that a community can take. States are institutions, capable of defining law and imposing it on their citizens; capable also – or claiming – to be capable – of defending those citizens against attack by non-citizens. "Nation" is a word which, in the modern world, makes a community sound respectable and permanent. A nation, in most people's minds, is entitled to be represented by its own state. To side with your own "tribe" against another tribe sounds primitive. To rally to the defence of your "nation" is normal, even honourable.

Nations began as a way of identifying citizens with a state. But once the nation is postulated as a pre-existing entity, from which a state can be derived, there is no obvious place for the process to stop. Why should not Serbs be able to secede from Bosnia, just as Slovenes, Croats or Moslems have the right to secede from Yugoslavia?

It would not matter so much, if the process were not almost inevitably accompanied by violence. The essence of a state is that it monopolises the use of force on its own territory, and that is a monopoly which each self-defined "community" is naturally reluctant to concede to another. In the end, the only solution seems to be for communities to regroup, each on "its own" territory, separated from others by state frontiers. But that involves the wholesale uprooting and transplanting of populations: something seldom if ever accomplished without large-scale bloodshed.

There must be a better way. "Communities" should be able to feel safe even when outnumbered by other communities within the state of which they are citizens. States should be able to recognise self-defined "communities" on their territory without feeling that they have opened the door to secession and disintegration.

An internationally accepted regime of minority rights and obligations is indispensable if much more chaos and bloodshed in eastern Europe is to be avoided. The Dutch proposal for a High Commissioner for Minorities, tabled at the current Helsinki Follow-Up Meeting of the Conference on Security and Co-operation in Europe (CSCE) deserves serious and urgent consideration. If it is true that Britain is blocking it for fear that such a High Commissioner might interest himself in Northern Ireland, that is surely a mistake. The need for the minority to be assured of its rights, and for the majority to be reassured that those rights do not threaten it, is as acute in Northern Ireland as in many parts of eastern Europe.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 673 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Regard for finite resources

From Mr Dominic Dibble

Over the last few days, your newspaper has highlighted the extreme concern of both businessmen and politicians regarding the potential failure of the Uruguay Round of multilateral trade negotiations. At the same time, you have also indicated that the up-coming Earth Summit in Rio de Janeiro is not receiving anything like the same concentration of effort and attention from leaders in both these fields (for example, "Negotiators try to settle differences", April 16).

The fact that president Bush has yet to confirm his attendance at the conference is one of the most visible signs of this lack of commitment. It is perhaps unprecedented that two such crucial sets of negotiations should be deadlocked simultaneously, and it strikes me that what is needed in both situations to break the log-jam is some evidence of goodwill from all parties.

Nonetheless, I think it is important to focus on the fact that the Uruguay Round appears to be given priority by decision-makers. Does this imply that the goods which people manufacture and trade fundamentally deserve more attention than the finite source

The monopoly factor must decide any bid for Midland Bank

From Prof Andrew D Bain

Sir, Institutional shareholders in Midland Bank are surely deluding themselves if they expect a successful bid from Lloyds to win them a higher price.

Of course Midland would be worth more to Lloyds than to Hongkong and Shanghai Bank. Competition between UK banks would be reduced, particularly in the key market for small and medium sized firms, in payments services and in bank credit cards. So the clearing banks could increase their margins, at their customers' expense.

The reduction in competition in these markets would clearly

be against the public interest. With a Lloyds bid a Monopolies and Mergers Commission reference is certain; the MMC would be failing in its duty if it did not recommend against the takeover – particularly when a takeover by Hongkong Bank would strengthen Midland and increase competition in the UK market – and the government would be failing in its if it did not accept the MMC's recommendation.

A counter-bid from a European bank? Now that would be another matter. Andrew D Bain, 1 Stafford Street, Balnashire, Dunbartonshire G84 9HT

whence they came? This idea seems disastrously short-sighted and unsustainable, and I would be interested to know whether any of your readers feel that it can be adequately justified.

In this regard, another article ("Boom years predicted for Third World in 1990s", April 15) gives cause for concern, as it makes no mention of the potential environmental impact of the predicted growth. A sustainable future will only

become possible when it is accepted that the environment lies at the heart of the economic process, and not at its periphery. Dominic Dibble, 41 Brackenbury Road, Bishopbriggs, Glasgow G64 2EX

Further Letters to the Editor appear on Page 14.

Engineers' status not real problem

From Dr James Murphy

Sir, Mr Ledger is, of course, correct – "without engineers, no amount of help from Mr Heseltine will save our industry" (Letters, April 18). However, the low status of engineers is not, as Mr Ledger protests, a "key factor behind UK industry's problems". The UK might not treat its engineers with the same respect as other countries; even so, it still enjoys, according to the Central Statistical Office, a favourable ratio of highly qualified engineers to workers, when compared with Japan, US, west Germany and France. Indeed, after Japan, the UK has, says the CSO, "the highest proportion of engineering qualifications in comparison with the employed workforce".

Given that such an advantage has, ominously, done little to halt the slide in the engineering industry – so well outlined by Andrew Baxter ("Machines in need of maintenance", April 14) – the key problem facing British industry is not a shortage of happy engineers but a shortage of a manufacturing base that will create such a shortage. James Murphy, department of educational research, University of Lancaster

Property contracts should be binding, and remain so

From Mr D J Lewis

Sir, We have under our management a large cross-section of property and deal with a substantial number of assignments within portfolios over any given period of time. We note with considerable concern the various proposals that emerge from time to time, not least from the CBI (Letters, April 10), that the contract between landlord and tenant shall be varied purely on the basis of an assignment, whereby assignors might be relieved of their covenants if an assignee defaults.

The terms of a contract freely entered into by the parties concerned will remain exactly that. When a tenant

signs a lease it is a contract for a given period of time and is negotiated at arm's length. If the tenant then seeks to sell that interest to a third party, it does not alter the contract already entered into. The landlord, when approached for consent to an assignment, has strictly limited powers to refuse such proposals. The landlord chooses his tenant; he does not choose the tenant's subsequent purchaser.

If there was any proposal to change the present privity of contract then it must certainly should not be retrospective and must only be allowed to apply in the case of leases granted after the law was changed. In that event, a landlord should

have power to require a direct covenant from his tenant that he will remain liable under his covenant or an absolute power to approve or not approve assignments. The landlord should not be put into a position whereby, through no fault of his own, he finds the freely entered into contract ends up between parties not of his choosing with financial implications beyond his control.

Tenants usually assign leases for a premium which they receive and spend. The landlord does not receive the benefit of such premiums. If the law was amended on the basis that any premiums were put into a joint account available to meet any subsequent

default, then it might be possible to accept some change. However, freely negotiated contracts should remain without interference. Tenants are already protected under the Landlord and Tenant 1954 Act and have security of tenure; so, if they are concerned, they are perfectly able either to negotiate shorter leases or break clauses.

Any proposal that seeks to interfere with the freely negotiated contracts would be a very retrograde step in whichever sector it might apply. David Lewis, David Lewis & Partners, Catherine House, 76 Gloucester Place, London W1H 4DQ

OBSERVER

Asprey's jewel of the north

■ Britain may be in the grips of its worst recession since the 1930s but the House of Asprey, owners of the world's most expensive gift-shop, seems to be on a Ratners-style expansion binge.

First it gobbled up crown jeweller Garrard, and Paris's exclusive René Bolvin not to mention Mappin & Webb. Now it has pocketed Hamilton & Inches, Edinburgh's royal silversmiths and official repairers of the Calcutta Cup.

When Asprey began buying up the opposition just under two years ago its market capitalisation was less than half the size of Gerald Ratner's family firm. Capitalised at over £200m, the 211-year-old Asprey is now five times as big as poor old Gerald's outfit, and its appetite is not yet satiated. "We are in our prime; I am very bullish," says Naim Attallah, the well-known publisher who doubles up as Asprey's joint managing director.

Like all good jewellers he refuses to disclose how much he has paid for his "jewel of the North". The target was under-capitalised and feeling the recession, and Asprey could hardly turn down the chance of picking up Scotland's crown jewellers. However, Attallah insists that his firm is not over-expanding like Ratners. For a start he has no debt and close to £20m of cash in the bank. With Sears maintaining a protective stake Asprey seems safe enough for the moment.

Duo to watch

■ It would be wrong to read Derek Bonham's appointment as Asprey's chief executive as just a sop to City opinion. It is a much more significant

move than last October's "strengthening" of the board by the addition of a few tame non-executive directors.

Bonham has been made chief executive of the whole group and not just the UK bit, and although it is hard to imagine Lord White taking orders from the 48-year-old chief executive, time is on Bonham's side. It is early days yet but the combination of him and David Clarke, chief executive of Hanson's US operations, could develop into a sensible replacement for the elderly Lord Hanson and White.

However, Bonham will need to make his mark fairly soon, if he is to convince the City that anything has changed. Obviously, he can't kick Lord Hanson upstairs as life president just yet, but perhaps he will be able to dump some of the head office hangers-on.

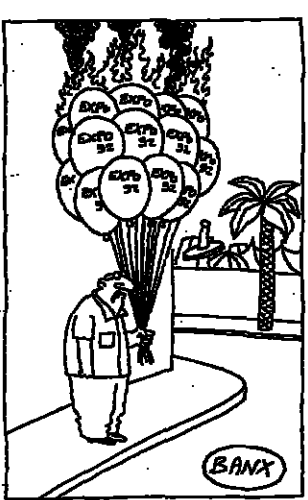
On the other hand, it's not good news for the young Honourable Robert Hanson's prospects.

Citizen Mills

■ Dodgy estate agents, Arthur Delays and funeral directors massacring their industry code of practice had better watch their step. John Mills, the new director of consumer affairs at the Office of Fair Trading, will be down on them with all the authority of one with three years in the prime minister's Policy Unit under his belt.

The consumer world appeared bemused at yesterday's appointment. "Who he?" the chorus echoed, disappointed that the job should have gone to a civil servant rather than a high-profile consumer advocate.

A career civil servant, Mills has spent most of his life at the Department of Trade and Industry. It was during his stint in the telecoms communications and ports division between 1985 and 1989 that



he almost certainly came to the attention of Sir Bryan Carver, the UK's telecoms regulator who is about to become director general of Fair Trading.

Still, Mills can already claim some credit for assisting the consumer of public services. He was Downing Street's man at the Adam Smith Institute seminar in February 1991, which launched the PM's big idea, the Citizen's Charter.

Up the poll

■ Is Bob Worcester, ubiquitous chairman of pollsters MORI, taking refuge in an ivory tower so as to ponder the lamentable failure of his "science"?

Hard on the heels of the polling industry's election reversal, the London School of Economics is making Worcester visiting professor of government – his contribution will be a year's worth of lectures on public opinion. "He was very keen to come," says an LSE spokesman, adding that the institution's social scientists might have some valuable input into his line of market research.

Many a political scholar would be quicker to acknowledge Worcester's business skills than his academic talents. Honorary visiting professor of journalism at the City University (since 1990) is one thing; his snuff. But visiting professor of government...

His students will eagerly await his considered conclusions on the lesson of April 1992 – a rather more honest assessment, it is to be hoped, than the version so far doled out to the country at large.

Came the dawn

■ A couple of hundred alternatives later, the proud name GMTV was yesterday revealed to the world.

No, it's not the internal communication station for General Motors or even a rival to Granada in Greater Manchester. Having won the commercial breakfast franchise from TV-am, Sunrise Television has decided to change its name "to avoid confusion with BSkyB's breakfast programme".

To avoid a writ, more like. Sky News calls its breakfast segment Sunrise and isn't likely to beam on any namesake.

The arduous task to find a name viewers won't choke on naturally involved an opinion poll and the chewing over of focus groups; three dozen were seriously considered and a short list of six exhaustively researched. After that little hiccup, what about the programme? "Good Morning" to you all.

Grows on you

■ Why did the girl take the mushroom to the disco? Because he was a fun guy to be with.

"Paradise on Earth"



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OVERSEAS MOVING
BY MICHAEL GERSON
081-446 1300

COMPANIES & MARKETS

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HENRY BUTCHER
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PROPERTY & PLANT
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INSIDE

IBM in chip accord with Thomson-CSF

IBM International Business Machines, the US computer group, and Thomson-CSF, the French state-owned defence electronics group, have agreed a technology and marketing accord for a new generation of chips. Page 20

Time Warner improves

Time Warner, the US media and entertainment group, yesterday reported a first-quarter revenue increase in its five divisions, turning last year's \$50m quarterly loss into a net profit of \$3m. Operating earnings for the period were \$561m on total revenues of \$3bn. Page 21

North for the diamonds!

The biggest rush to stake mining claims in the history of the North American industry is going on in Canada's Northwest Territories. At least 22,000 sq km have been staked, much of it by helicopter. The cause of all the northern excitement - likened by some observers to the Yukon gold rush of the last century - is a group of 81 small diamonds, each less than 2mm in diameter but some of gem quality. The diamonds were in a 465 ft length of core drilled by a joint venture owned by BHP, Australia's biggest corporation, and Dia Met Minerals, a small Canadian exploration company. Page 28

Shake-up at Comex

Ms Donna Redel, the first woman to chair a commodities exchange, has set herself the task of reviving the fortunes of the New York Commodity Exchange by boosting volume and lowering costs. Less than a month in the top job at Comex, she has already approached European exchanges on ways to co-operate. Barbara Durr reports. Page 28

Hoogovens and Usinor in deal

Usinor Sactol, the world's second largest steelmaker, has struck a production-sharing accord with Hoogovens, its Dutch competitor, which paves the way for Hoogovens to close a 45-year-old heavy plate rolling mill. Page 20

Another record at EIS

EIS Group, the UK specialist engineer, yesterday reported pre-tax profits up 6 per cent to £14.4m (\$25.2m) in the year to 31 December, extending an unbroken 21-year record of continuous profit and dividend growth. Page 27

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Chief price changes yesterday

FRANKFURT (DM)					
Basel	980	+10	Deutsche	272	-1%
Frankfurt	1335	+16	Frankfurt	272	-1%
Frankfurt	1335	+16	Frankfurt	272	-1%
Frankfurt	1335	+16	Frankfurt	272	-1%
Frankfurt	1335	+16	Frankfurt	272	-1%
Frankfurt	1335	+16	Frankfurt	272	-1%
Frankfurt	1335	+16	Frankfurt	272	-1%
Frankfurt	1335	+16	Frankfurt	272	-1%
Frankfurt	1335	+16	Frankfurt	272	-1%
Frankfurt	1335	+16	Frankfurt	272	-1%

NEW YORK (US)					
Alcoa	55	+14	Alcoa	55	+14
Alcoa	55	+14	Alcoa	55	+14
Alcoa	55	+14	Alcoa	55	+14
Alcoa	55	+14	Alcoa	55	+14
Alcoa	55	+14	Alcoa	55	+14
Alcoa	55	+14	Alcoa	55	+14
Alcoa	55	+14	Alcoa	55	+14
Alcoa	55	+14	Alcoa	55	+14
Alcoa	55	+14	Alcoa	55	+14

Property developer seeks £100m loan to pay for next 90 days work at Canary Wharf O&Y says it will run out of cash in May

By Robert Peston in London and Bernard Simon in Toronto

OLYMPIA & YORK, the world's biggest property developer, will run out of cash at the beginning of May, according to information the group has supplied to its bankers.

This deadline in O&Y's battle to avoid filing for protection under bankruptcy procedures emerged yesterday, as the group began a two-day series of meetings with bankers in London, to persuade them to provide a new £100m (\$177m) loan to cover the

costs for the next 90 days of work on the Canary Wharf office development in London's docklands.

A banker at the centre of negotiations with O&Y warned yesterday that the group would find it difficult to obtain the new bank loans it requires. "It is too early to say whether we will agree to put up the new money", he said. "There is no possibility of a decision today or tomorrow."

O&Y had been hoping that banks would agree this week to provide it with £100m for Canary Wharf and a separate £80m (\$128m) loan for Canadian

expenses. Mr Steve Miller, the partner of investment bank James D Wolfensohn, who is in charge of O&Y's bank negotiations, was in London yesterday talking to the leading lenders to the Canary Wharf project.

A banker said the £100m required for Canary Wharf may not appear very large, but that sum was forecast to cover expenses only for the 90 days during which O&Y hopes to complete its negotiations on a reorganisation of all its £314.3bn debt. Over the next two years, it needs \$250m for Canary Wharf,

described by the banker "as a large sum of money".

O&Y was yesterday also holding talks with Canadian banks in Toronto. One complication in its attempts to raise new money is that groups of banks are at loggerheads over which of them should provide the funds.

Any new loans for Canary Wharf will come from the existing lenders to that project. But there are two groups of lenders - one "club" of 10 international banks which has provided \$500m and another group of four Canadian banks which have lent

\$450m. The club of 10, including Hongkong and Shanghai Bank, Citicorp of the US, Credit Suisse of Switzerland, Barclays of the UK and its rival Lloyds, is arguing that the four Canadians, which include Canadian Imperial Bank of Commerce, Royal Bank of Canada and Bank of Nova Scotia, should provide the lion's share of the money because the Canadians have inferior security and therefore have the most to lose if O&Y were to collapse.

However, the Canadian banks are also being asked to provide the new money for O&Y's Canadian operations, putting a huge burden on them.

O&Y has many different credit lines for different purposes in the UK, the US and Canada. It has been trying to persuade its 100 banks to form 12 different negotiating groups.

In a separate development, Trilon Financial Corporation, a financial services holding company, said yesterday that O&Y has sold the bulk of its 9.5 per cent interest in the company to a pension fund. O&Y is thought to have raised around £65m from the disposal.

The bid for Midland may become a two-horse race, writes Robert Peston Lloyds Bank eyes Midland's riches

The Hongkong and Shanghai Bank attempt to buy a UK clearer may be thwarted by the Black Horse

Lloyds Bank will this week decide whether to make its biggest gamble since it tried and failed to acquire Standard Chartered, the international bank, in 1986.

On Friday, Lloyds' board is expected to discuss whether the clearing bank should challenge Hongkong and Shanghai Bank's attempt to buy Midland by making its own takeover offer.

Banking sources say that opinions within the board on whether to enter the battle are evenly split.

If Lloyds were to intervene, it would merely state an intention to bid rather than put a price on Midland. Any detailed offer would have to get past the competition authorities in the European Community and the UK.

According to his colleagues and advisers, Mr Brian Pittman, Lloyds' chief executive, will be disappointed if Lloyds holds back. He has been planning such a takeover attempt for more than a year and has been working on it, with the help of the merchant bank, Barings, since last December.

Senior bankers at Lloyds say Mr Pittman has no doubts about the huge incremental profits it can make by combining its UK operation with Midland's. Most of that profits growth would come from cutting overheads, especially staff costs.

At the end of December, Midland had 57,640 employees, of which 51,000 were based in the UK, while Lloyds' staff, excluding those employed by its life insurance subsidiary, Lloyds Abbey Life, numbered 57,877 and most were UK based.

Another big running cost in any bank is incurred in maintaining a network of high street branches. Midland has 1,830 branches, whereas Lloyds has 2,000. Lloyds would plan to combine the branch networks and close adjacent outlets. Over a three-year period it would expect

to close more than 1,000 branches and reduce staff numbers by more than 20,000. There would also be large savings from merging the two banks' head offices and sacking a group of senior managers.

Lloyds estimates this would lead to cost savings of more than \$500m (\$875m), and perhaps close to £1bn. Those savings should be compared with the two banks' combined profits for 1991 of just under £700m before tax.

That target for cost savings is not particularly ambitious. In the US, Chemical Bank estimates that its recent merger with Manufacturers Hanover will lead to cost savings of \$750m, even though the two banks had much smaller branch networks than either Lloyds or Midland.

No one on the Lloyds' board doubts the financial merits of making a takeover bid. Lloyds would have to offer much more than the £3.1bn at which the Hongkong Bank bid values Midland.

But Lloyds can afford to offer more. Hongkong Bank would not be able to reap cost savings at Midland equivalent to those available to Lloyds, as Hongkong Bank does not have a UK branch network.

Lloyds has been assessing the attitude of its shareholders and those of Midland's to a bid and it has little doubt that they would like it to enter the fray. Some of the big investors in the two banks confirm this view.

However, a contest for control of Midland between Lloyds and Hongkong Bank would not be decided by the stock market alone.

The UK and European Community competition authorities would wish to examine in detail whether the combination of two big UK banks would operate against the public interest.

At the Department of Trade and Industry, Lloyds has sounded out Sir Peter Gregson, the permanent secretary. It has also had discussions with Sir Gordon Barrie, the soon-to-retire director-general of the Office of Fair Trading.

Lloyds is concerned that the two banks' combined share of the small business loans market would be big enough to persuade the DTI that any proposed deal would be subject to detailed and lengthy scrutiny by the Monopolies and Mergers Commission.

Because of the vital role which would be played by the small business sector in any economic recovery, the government would be concerned that a deal between Lloyds and Midland might reduce the supply of new finance to this sector.

Lloyds' worst fear is that a bid from it would be referred to the MMC, though one by Hongkong Bank would not. If that happened, Midland's shareholders might opt to back the Hongkong Bank bid, for fear that an offer from Lloyds would be blocked.

Bankers at Lloyds also admit it would be difficult to persuade the MMC that there would be adequate competition in the small business market if it were dominated by just three big banks - Barclays, National Westminster and the combined Lloyds/Midland.

If Lloyds does bid, it will lobby the Brussels authorities and the DTI to inquire into Hongkong Bank's bid for other reasons, such as the need to assess competition within the UK banking market in general or the threat to Midland's depositors were there to be economic upheaval in Hong Kong after China regains control of the colony in 1997. Lloyds' case would be helped if it had the support of the Bank of England, but the Bank is expected to remain neutral in the struggle.

Members of Lloyds' board are therefore divided about whether they should enter the fray given the risk that any bid would be blocked by the authorities. Sir Jeremy Morse, Lloyds' chairman, is believed to be more concerned about the risks of failure than Mr Pittman. However, Sir Robin Ibbes, Sir Jeremy's heir apparent, is said to be broadly in favour of making an offer.

Some Lloyds' bankers see little shame in trying and failing. After all, it is an open secret in the City of London that Lloyds held detailed talks with Midland about making an offer in March.

Indeed, there would be a significant cost in not trying at all. In an interview earlier this year, Mr Pittman said he expected banks' income growth in the 1990s to be sluggish and therefore profits growth would have to



Brian Pitman: colleagues and advisers say he will be disappointed if Lloyds holds back from this challenge

be generated by cost cutting. Lloyds has cut its overheads further than its rivals. To keep up its superior profits record it needs to make an acquisition.

It has evaluated making bids for TSB Group, Royal Bank of

Scotland and Standard Chartered. But it is convinced that the spoils available from buying one of these would be trivial compared with Midland's riches. Editorial Comment, Page 16; Letters, Page 17

Citicorp doubles profits despite big property losses

By Martin Dickson in New York

CITICORP, the largest banking group in the US, yesterday reported doubled first quarter profits and said it expected to regain its normal earnings capacity by the year-end.

The bank, which has been hurt by the crisis of the past two years in the US and foreign property markets, is in the throes of a reorganisation and capital building programme.

It reported net income of \$183m, or 37 cents a share, compared with \$93m, or 17 cents a share, in the same period of 1991. The continuing heavy impact of property problems were shown in its \$1.23bn provision for credit losses. This compared with \$1.16bn in the fourth quarter and \$512m in the same period of last year. North American commercial

property made up \$588m of the total, compared with \$562m in the previous quarter and \$175m a year ago. Net write-offs totalled \$997m, compared with \$646m a year ago, with North American property making up \$362m, against \$86m a year ago.

Mr John Reed, chairman, said the US property market and Citicorp's portfolio had stabilised. But he repeated that write-offs and other costs of commercial credit would continue to be as high in 1992 as 1991.

He said the quarter's results reflected "continuing progress towards the successful completion of Citicorp's two-year programme to restore profitability, build the company's capital position and further develop core business franchises".

Net interest revenue rose 4 per cent to \$1.83bn, while the net interest margin rose to 3.76 per cent from 3.66 a year ago.

The operating margin - the difference between revenues and operating expenses - rose 23 per cent to \$1.7bn, helped by a 5 per cent growth in revenue and a 6 per cent decline in expenses.

Its global consumer business produced a 61 per cent improvement in net income to \$260m, helped by credit card revenue growth in the US, and by a good performance in Germany. Operating expenses fell 5 per cent.

The global finance business, which includes most of its commercial business, reported net income down from \$212m to \$161m.

The bank's North American commercial property operations, which have been reorganised as a separate reporting category, lost \$463m, against \$124m a year ago.



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INTERNATIONAL COMPANIES AND FINANCE

NatWest expects US turnaround

By Robert Peston in London

NATIONAL Westminster Bank's US operations are on course to make after-tax profits of more than \$100m this year, having made cumulative losses of \$860m since 1989.

This was confirmed by Mr John Tugwell, chairman of the US subsidiary, NatWest Bancorp, who said yesterday he expected "a \$100m to \$120m profit for the year".

The bank has suffered since 1989 from exposure to the depressed New Jersey property market. However Mr Tugwell said reserves to cover future loan losses were now more than adequate.

He said the Office of the Comptroller of the Currency, which regulates US banks, had

agreed that NatWest Bancorp had a "surplus of tens of millions of dollars" in its loan-loss reserve above the amount needed as cover against losses. NatWest's gross income in the US is more than \$1bn, compared with expenses of \$650m. It would therefore make a pre-tax profit of \$350m in the unlikely event there were no loan losses.

However, Mr Tugwell said even a profit of \$350m would not represent an acceptable return on the capital NatWest had invested. "We have to get to \$400m in the long term," he said.

He hinted, however, that NatWest was not keen to dispose of its US business in the near future. He said the US operation would not have to

pay tax on the next \$1bn of profit because it was able to carry forward for tax purposes the losses it had been making. However any bank which bought the US business would not have the benefit of these tax losses, under US tax rules. So he said it made sense to "keep [the business] until it has made \$1bn of profits".

Nevertheless, senior New York bankers say both Chase Manhattan Bank and Chemical Bank, two of the biggest US banks, are interested in acquiring NatWest's network of 270 branches.

Mr Tugwell said he was interested in buying bank branches to add to the existing network of 270. "We need a greater concentration of branches," he said. He would

also like to acquire credit card businesses.

He became chairman of NatWest Bancorp last year and, since then, has changed the bank's system of assessing credit risk, made "dozens" of senior staff changes and retrained staff.

"We are taking loan [business] from other banks," he said. However, his main strategy for developing income was to push up the number of services the bank sold to each of its 1.25m US customers.

At the moment, it sells just over one service per customer. For example, holders of an account rarely get their credit card from NatWest Bancorp. Mr Tugwell has set a target of two services per customer by the end of 1993.

Hoogovens to close plant after Usinor deal

By William Dawkins in Paris

USINOR SACLOR, the world's second largest steelmaker, has struck a production sharing accord with Hoogovens, its Dutch competitor, which paves the way for Hoogovens to close a 45-year-old heavy plate rolling mill.

Hoogovens is to close by the end of 1992 its 140,000 tonne per year Walserij West mill, and then buy its supplies of heavy plate exclusively from the French group's more modern plant.

Heavy plate, one of the most depressed sectors of the steel industry, is mainly used in civil engineering, shipbuilding and to make large soldered pipelines for the oil, gas and water industries.

In return for Usinor SACLOR's heavy plate, Hoogovens will provide the French company with an equivalent tonnage of hot rolled coil, principally used in the car and packaging industries.

This is the latest example of restructuring between European steel companies, and is one of the ways in which the industry has responded to the recent decline in world steel demand.

For similar motives, Usinor SACLOR two years ago combined its large pipe making plants with Mannesmann Rohrenwerke, the leading German steel tube and pipe maker.

The joint venture, Europipe, happens to be a leading user of plate of the type made by Hoogovens' Walserij West plant.

Usinor SACLOR will supply Hoogovens from its two plate rolling mills GTS in Dunkerque, northern France and Dilling in Germany.

The two plants produce more than 2m tonnes of plate annually, making Usinor SACLOR the world's biggest supplier.

Hoogovens says it hopes to find other jobs for the 300 workers at Walserij West.

IBM and Thomson-CSF unveil technology accord

By William Dawkins in Paris

INTERNATIONAL Business Machines, the US computer giant, and Thomson-CSF, the French state-controlled defence electronics group, yesterday announced a technology and marketing accord for a new generation of chips.

They have reached agreement in principle for Thomson-CSF to be licensed to make a new chip being developed by IBM and Motorola, the US electronics group. Thomson-CSF will then customise the chip, known as a Power PC microprocessor, for its own products: high-speed computers, working in real time, for space, military and industrial use.

The Power PC is being developed with Motorola, the US electronics group, as part of the partnership between IBM and Apple, the personal computer maker, announced last summer. The new chip, to be used in IBM and Apple's future

personal computers and workstations, is based on IBM's reduced instruction set computing (Risc) technology, which enables computers to execute instructions faster.

The Thomson-CSF deal helps IBM to enlarge the potential market for computers using Power PCs, against rivals such as Hewlett Packard and Digital Equipment, which had also been courting the French company for a technology accord.

IBM will market versions of Power PC developed by Thomson-CSF for real-time computing, a sector where IBM is absent, and which is used for a range of professional applications from software engineering to guiding missiles. Ceta, Thomson-CSF's real-time computing unit, will also market some IBM workstations and use them for its own applications.

Ceta said it expected to launch the first prototypes of workstations using Power PCs by the end of the year, for sale

up to six months later. The chips themselves will be made by another subsidiary, Thomson Composants Militaires et Spatiaux.

Thomson-CSF approached IBM last July, as soon as it licensed Motorola to build the Power PC, said officials of the French group. The French group has been Motorola's biggest European components customer for the past 10 years and was therefore keen to cement links with its supplier after Motorola's accord with IBM.

This is the latest example of IBM's eagerness to form partnerships and its most recent link-up with French state-owned industry. The US computer group formed a far wider ranging accord at the end of January with Bull, which also gets access to Risc technology. IBM is also negotiating to take a minority stake in the computer-aided design unit of Dassault, the partly government-owned aircraft group.

Vickers sees further losses at Rolls-Royce

By Kevin Done, Motor Industry Correspondent

VICKERS expects its troubled Rolls-Royce Motors Cars subsidiary to suffer a trading loss of £15m-£20m (\$25.5m-\$34m) this year compared with more than £30m in 1991 in the face of continuing weak demand in particular in the UK and in Japan.

In spite of continuing speculation about the possible sale of the prestige car operations to a foreign car maker, the company insisted yesterday that no such deal would be disclosed at the Vickers shareholders meeting tomorrow.

Exploratory talks have been held with several groups, but BMW, the German executive and luxury car maker, has remained the front-runner for

a possible co-operation deal. BMW already has some collaborative links with the Rolls-Royce car operations, and Mr Eberhard von Kuenheim, the BMW chairman, paid a recent visit to the Rolls-Royce car plant in Crewe.

However, the German car maker yesterday officially repeated its earlier denials of any pending deal with Vickers and insisted that no talks about a takeover or the acquisition of a minority stake in Rolls-Royce Motor Cars had taken place.

Vickers has been forced to review urgently its future ownership of the Rolls-Royce and Bentley car business, which last year dragged the whole of Vickers into loss and forced it to cut its dividend.

Rolls-Royce Motor Cars lost

half of its market last year in the face of the deep recession in its two main markets, the US and the UK.

Sales worldwide fell by 48.3 per cent to 1,723 - the lowest level since 1968 - from the record 3,333 achieved in 1990. Sales in the UK halved to 513 from 1,007, while sales in the US plunged by 65.2 per cent to only 400 from 1,149 in 1990 and 1,216 in 1989.

Conditions have remained tough in the UK, in the uncertain run-up to the general election, sales plunged again to only 109 cars from 209 in the same period a year ago. Sales in Japan in the first two months fell to only 32 from 109 a year ago.

However, the picture in the US has brightened a little with a 20 per cent rise in the first

quarter albeit from a very depressed level a year ago, when sales were hit by the luxury tax and the Gulf war.

Vickers is looking for some recovery later in the year and is hoping that Rolls-Royce could reach break-even point during the second half.

The break-even point has been reduced to less than 2,000 cars a year with drastic cuts in the Crewe workforce last year.

Output fell last year to only 1,820 cars from 3,274 in 1990. Vickers is hoping that overall Rolls-Royce/Bentley sales volumes this year will at least equal the depressed level of 1991. It expects a richer model mix with the build-up of sales of the high-priced Bentley Continental R coupe, the first uniquely styled Bentley since 1952.

Trygg-Hansa SPP improves to SKr531m

By Sara Webb in Stockholm

TRYGG-HANSA SPP, the Swedish insurance group, reported an operating profit of SKr531m (\$88m) for 1991, representing a five-fold increase on the previous year when the group suffered heavy losses on share investments. However, the operating profit is still well below the level achieved in 1988 and 1989.

Trygg-Hansa SPP said its 1991 figures were seriously hit

by losses in Gota, the Swedish commercial banking group which showed heavy credit losses in the real estate and finance company sectors.

The insurer, which owns 43.5 per cent of the share capital and 48.3 per cent of the voting rights in Gota, made a SKr1.5bn bid for the outstanding shares in the banking group a week ago in an attempt to quell doubts about Gota's financial stability.

The insurance group plans to pay for the Gota shares with a new issue of its own shares and will issue SKr3bn in convertible debentures later this year in order to strengthen its capital structure.

Gota's heavy losses led to a SKr950m loss for Trygg-Hansa SPP last year, curbing the recovery in the group's operating profit.

However, Trygg-Hansa SPP said the profit from its underlying insurance business

which is predominantly consumer insurance - reached a record level, increasing by 50 per cent to SKr931m, against SKr621m in 1990.

Premium income increased by 13 per cent to SKr7.47bn and Trygg-Hansa SPP said its growth in costs slowed to SKr1.008bn, compared with SKr1.789bn in 1990, contributing to the improvement in the insurance results.

The board proposed maintaining the dividend at SKr4.

All of these securities having been sold, this announcement appears as a matter of record only.

New Issue



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Representing

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Legg Mason Wood Walker

Mabon Securities Corp.

McDonald & Company

Morgan Keegan & Company, Inc.

Needham & Company, Inc.

Neuberger & Berman

Piper, Jaffray & Hopwood

The Principal/Eppier, Guerin & Turner, Inc.

Ragen MacKenzie

Rauscher Pierce Refsnes, Inc.

Raymond James & Associates, Inc.

The Robinson-Humphrey Company, Inc.

Tucker Anthony

Wessels, Arnold & Henderson

Wheat First Butcher & Singer

Crowell, Weedon & Co.

Fahnestock & Co. Inc.

First Southwest Company

The Ohio Company

Parker/Hunter

Rodman & Renshaw, Inc.

Scott & Stringfellow Investment Corp.

Seidler Amdec Securities Inc.

SoundView Financial Group, Inc.

INTERNATIONAL COMPANIES AND FINANCE

Hyundai to shift PC management to US

By Louise Kehoe
in San Francisco

KOREA'S Hyundai Group is to shift management of its worldwide personal computer and computer peripherals operations to the US to improve its response to rapidly changing market conditions and to gain earlier access to advanced technologies.

In an unusual move for an Asian company, full management control, marketing, product development and product assembly for the group's \$750m personal computer and peripherals business will be moved from Seoul to San Jose, California.

The decision reflects Hyundai's recognition of the critical value of day-to-day contact with suppliers and customers, said Mr Edward Thomas, the newly appointed president of Hyundai's Information Systems Division.

Mr Thomas, a veteran of the US computer industry, said his mandate was to create an autonomous business unit with global responsibility for expanding Hyundai's personal computer sales.

Last year, Hyundai sold about \$300m-worth of personal computers in the US. "We should be able to double that in a few years," said Mr Thomas. "We fully expect to have our next generation of desktop and notebook computers - designed, engineered and assembled in America - shipping to US and world markets by the end of the year," he added.

The move would enable Hyundai to reduce the time it takes to bring a new product to market by more than 30 per cent, Mr Thomas said.

The relocation would not displace Korean workers, Mr Thomas stressed. Circuit board manufacturing would continue to be performed at Hyundai's Korean factories, he said.

However, a US assembly operation would enable Hyundai to compete more effectively with US computer makers through a quicker response to customer requirements.

A further advantage is that Hyundai would be able to react more rapidly to price trends, Mr Thomas said.

Once the US operation is in full swing - probably by year-end - Mr Thomas plans to turn to the European market and establish European sales, service and assembly operations.

Tribune declines to \$11.3m in first quarter

TRIBUNE CO., the US newspaper and television group, suffered a decline in 1992 first-quarter profits but registered a welcome increase in advertising revenues, Reuters reports.

Its first-quarter earnings fell to \$11.3m or 17 cents a share from \$16.9m or 26 cents a year ago. Revenues for the quarter of \$471.4m were slightly higher than a year ago, helped by advertising revenues which increased by 2 per cent.

This was Tribune's first year-over-year increase in quarterly advertising revenues since the 1990 first quarter. The group said improved results from its media businesses and lower interest expenses failed to offset an operating loss of \$14.7m in the company's newspaper operations.

The company blamed lower selling prices due to substantial overcapacity throughout the industry.

Time Warner improves revenues in all divisions

By Patrick Harriverson
in New York

TIME WARNER, the US media and entertainment group, reported yesterday that first-quarter revenues rose across all five of its divisions, helping turn last year's \$50m quarterly loss into a net profit of \$3m.

Earnings before interest, taxes, depreciation and amortisation (EBITDA), or operating earnings, were \$66m over the three months, achieved on total revenues of \$3bn.

Operating earnings in the same quarter last year were \$50m on revenues of \$2.8bn.

The best performing division of Time Warner was its cable television group.

This saw operating earnings climb 11 per cent to a record \$22m, thanks to an increase in cable subscribers and advertising.

The group's publishing unit, Time Inc., reported operating earnings of \$44m, up 5 per cent from last year.

Gains were reported in advertising and circulation at the company's magazines, in spite of the sluggish economy, and they helped offset lower results at the book publishing division.

The Warner Music Group posted first-quarter operating earnings of \$14m, up slightly on a year ago, after increases in domestic music sales and music publishing.

Among its most successful artists were Metallica, Genesis and Simply Red.

On Monday, Time Warner's music division announced a multi-year \$50m deal with the pop-star Madonna.

At the group's movie-making unit, operating earnings were virtually flat at \$36m. The feature of the quarter was the success of the controversial movie JFK, which since its release last year has grossed \$180m worldwide.

Operating earnings at the television programming division were little changed at

\$52m, with the bulk of the small increase in income recorded at the pay-for-TV services, HBO and Cinemax.

Time Warner's results were well received on Wall Street, with the group's share price rising 1 1/2% to \$104 in early trading.

● Knight-Ridder, the US media group, which recorded an increase in first-quarter earnings, is cautiously optimistic for the remainder of 1992, Reuters reports.

The company posted first-quarter net income of \$25m or 46 cents a share on revenues of \$555.4m, compared with \$15.8m or 32 cents on revenues of \$545.4 a year ago.

It said that while net income in the final three quarters would not match those of the first quarter, it expected earnings growth in each quarter.

Barring a setback in the economy, Knight-Ridder expected 1992 to improve on last year's \$132.1m or \$2.55 a share on revenues of \$2.24bn.

3M decreases 3.9% to \$288m

By Barbara Durr in Chicago

MINNESOTA Mining & Manufacturing, the US conglomerate based in St Paul, Minnesota and known as 3M, reported a decline of 3.9 per cent in its first-quarter net income.

The group recorded income of \$288m, or \$1.82 per share, down from \$300m, or \$1.87 per share, last year, but the company was optimistic that it would be able to improve results during the remainder of the year.

First-quarter sales edged up to \$3.4bn from \$3.38bn for the same period a year ago.

The higher value of the US

dollar reduced sales by about 2 per cent and net income by about \$15m, or 7 cents per share. But Mr L. D. DeSimone, chairman, said the results were in line with the company's expectations for the first quarter.

The group's international business, which accounts for about half its sales, remained firm as steady growth in Europe and strong gains in Latin America offset a slow-down in Japan.

International volume by unit increased 6 per cent, a level equal to the growth averaged for all of 1991.

Sales in the US remained basically unchanged, but the

company noted that unit sales improved as the quarter progressed.

This, and more solid volume gains in the early days of the second quarter, led the company to believe that the US economy would continue to show some moderate improvement.

Mr DeSimone said the outlook for the full year was positive and he expected higher second-quarter earnings, in spite of the fact that the effects of currency translation would remain negative.

In the second quarter last year, the company earned \$299m, or \$1.36 a share, on sales of \$3.26bn.

Phelps Dodge drops to \$76.9m

PHELPS DODGE, the largest US copper producer, saw operating income for its mining operations drop in the first quarter to \$76.9m from \$118m a year ago, Reuters reports.

The group, which manufactures truck wheels and rims and is a leading producer of carbon black, reported first-quarter net income down to \$53.8m or \$1.53 per share, compared with \$77.3m or \$2.33 a year ago.

It said first-quarter earnings were satisfactory in spite of

continued slow economies in many of its markets.

Group revenues for the quarter declined to \$590.5m from \$601.8m, while Phelps Dodge Mining saw its revenues slip to \$301.5m, compared with \$314m a year ago.

Phelps cited lower copper prices and the closure of concentrator operations at its Tyrone, New Mexico mine for the reduction in mining profits. It added that reduced worldwide demand caused first-quarter copper prices to

average about 11 cents less than a year ago.

Phelps Dodge Industries reported an improvement in operating income, to \$20.3m from \$16.8m a year ago.

The company said its share of copper production from worldwide operations was 123,100 tons in the first quarter, compared with 130,400 tons a year ago.

Copper sales from mine production were 127,700 tons, down from 138,500 tons a year ago.

SWITZERLAND

The FT proposes to publish this survey on June 7 1992.

The report will examine the Swiss economy and its future role in Europe. It will thus be of great interest to all FT readers who do business with Switzerland. If you want to reach this target audience by advertising your company in this survey, please call Nigel Bicknell in Geneva. Tel: 022 7311604.

or Fax 022 7319481.

Or Patricia Surridge in London 071 873 3426 or Fax 071 873 3428.

Or Ernest Jenny in Eastern Switzerland. Tel: 058 813070 or Fax: 058 813076.

FT SURVEYS

Privatization of Lloyd Aereo Boliviano S.A.M.

— Announcement of Offer to Sell —

The Government of Bolivia is offering for sale a majority interest of LAB to a private consortium. To be eligible, the private consortium must be majority-owned by an existing airline operator of international reputation. The Government requires that eligible parties submit a letter of interest and information to satisfy the eligibility requirement which must be received prior to May 6, 1992, in order to qualify to participate in the international bidding process. Upon qualification, bidding instructions and access to due diligence materials will be provided. The letter and information should be sent to:

The First Boston Corporation
Park Avenue Plaza
55 East 52nd Street
New York, NY 10055
U.S.A.

Attention:

Mr. Jeffrey P. Kelly
Vice President
Tel: (212) 909-2602
Fax: (212) 593-3179

Mr. Matty Vengerik
Vice President
Tel: (212) 909-4097
Fax: (212) 355-3872

CENTRAL-EUROPEAN INTERNATIONAL BANK LTD

USD 30,000,000

FLOATING RATE NOTES

DUE 1996

For the period April 21, 1992

to October 21, 1992

the new rate has been fixed

at 5.5% P.A.

Next payment date:

October 21, 1992

Coupon nr: 13

Amount: USD 2795.83

for the denomination of

USD 100 000

THE FISCAL AND

PRINCIPAL PAYING AGENT,

SOCIETE GENERALE GROUP

15, AVENUE EMILE REUTER

LUXEMBOURG

MELLON BANK CORPORATION

USD 200,000,000

FLOATING RATE NOTES DUE 1994

Notice is hereby given that, for the

interest period from 31 April 1992 to

21 July 1992 the notes will carry an

interest rate of 4.500% per annum.

CHEMICAL BANK

Agent Bank

All of these securities having been sold, this advertisement appears as a matter of record only.

FIRST UNION

9,775,000 Shares

First Union Corporation

Common Stock
(\$3.33 1/4 par value)

1,380,000 Shares

This portion of the offering was offered outside the United States by the undersigned.

Goldman Sachs International Limited

Credit Suisse First Boston Limited

Smith Barney, Harris Upham & Co.

Incorporated

S.G. Warburg Securities

County NatWest Securities Limited

Dresdner Bank

Aktiengesellschaft

Nomura International

Société Générale

UBS Phillips & Drew Securities Limited

8,395,000 Shares

This portion of the offering was offered in the United States by the undersigned.

Goldman, Sachs & Co.

The First Boston Corporation

Smith Barney, Harris Upham & Co.

Incorporated

Bear, Stearns & Co. Inc.

Alex. Brown & Sons

Dillon, Read & Co. Inc.

Donaldson, Lufkin & Jenrette

A.G. Edwards & Sons, Inc.

Interstate/Johnson Lane

Keefe, Bruyette & Woods, Inc.

Kemper Securities Group, Inc.

Kidder, Peabody & Co.

Lazard Frères & Co.

Lehman Brothers

Merrill Lynch & Co.

Montgomery Securities

J.P. Morgan Securities Inc.

Morgan Stanley & Co.

Oppenheimer & Co., Inc.

PaineWebber Incorporated

Salomon Brothers Inc.

M. A. Schapiro & Co., Inc.

S.G. Warburg Securities

Wertheim Schroder & Co.

Dean Witter Reynolds Inc.

Advest, Inc.

J. C. Bradford & Co.

Cowen & Company

Dain Bosworth

Legg Mason Wood Walker

McDonald & Company

Rauscher Pierce Refsnes, Inc.

Raymond James & Associates, Inc.

Stephens Inc.

Sutro & Co. Incorporated

Tucker Anthony

Wheat First Butcher & Singer

Robert W. Baird & Co.

JW Charles Securities, Inc.

Dominick & Dominick

Equitable Securities Corporation

Allen C. Ewing & Co.

First Equity Corporation

Fox-Pitt, Kelton Inc.

Furman Selz

J. J. B. Hilliard, W. L. Lyons, Inc.

Janney Montgomery Scott Inc.

Incorporated

Edward D. Jones & Co.

Ladenburg, Thalmann & Co. Inc.

C.J. Lawrence Inc.

Mabon Securities Corp.

The Ohio Company

Parker/Hunter

Reich & Co., Inc.

Ryan, Beck & Co.

Scott & Stringfellow Investment Corp.

Stifel, Nicolaus & Company

Incorporated

April, 1992

Prices for electricity determined for the

purpose of the electricity trading are

in England and Wales

in Belgium

in France

in Germany

in Greece

in Ireland

in Italy

in Japan

in Korea

in Luxembourg

in Netherlands

in Norway

in Portugal

in Spain

in Sweden

in Switzerland

in Taiwan

in Thailand

in United Kingdom

in United States

in West Germany

in Yugoslavia

in Zaire

in Zimbabwe

in Australia

in Canada

in Denmark

in Finland

in Hong Kong

in India

in Israel

in Mexico

in New Zealand

in Singapore

in South Africa

in South Korea

in Taiwan

in Thailand

in United Kingdom

in United States

in West Germany

in Yugoslavia

in Zaire

in Zimbabwe

in Australia

in Canada

in Denmark

in Finland

in Hong Kong

in India

in Israel

in Mexico

in New Zealand

in Singapore

in South Africa

in South Korea

in Taiwan

in Thailand

in United Kingdom

in United States

in West Germany

in Yugoslavia

in Zaire

in Zimbabwe

in Australia

in Canada

in Denmark

in Finland

in Hong Kong

in India

in Israel

in Mexico

in New Zealand

in Singapore

in South Africa

in South Korea

in Taiwan

in Thailand

in United Kingdom

in United States

in West Germany

in Yugoslavia

in Zaire

in Zimbabwe

in Australia

in Canada

in Denmark

in Finland

in Hong Kong

in India

in Israel

in Mexico

in New Zealand

SAKURA FINANCE HONGKONG LIMITED

(the "Company")
(formerly Taiyoo Kabe Finance Hongkong Limited)
(Incorporated with limited liability in Hong Kong)

Notice of Redemption Option in respect of
Noteholder's Option to Redeem on 26th May, 1992

To the holders of the Company's outstanding
U.S. \$100,000,000

Guaranteed Floating Rate Notes due 2004
(Redeemable at the option of Noteholders
in May 1992, May 1994, May 1996 and May 1999)
(the "Notes")

NOTICE IS HEREBY GIVEN that the Company will redeem, on the
Interest Payment Date falling on 26th May, 1992, each Note which is
deposited with any Paying Agent on or before 30th April, 1992 at its
principal amount.
Any holder wishing to exercise its option must also surrender, together
with each Note, all unamortised coupons relating thereto unless they are
attached to such Note.
This Notice is given pursuant to Condition 5(c) of the Notes and
supersedes Condition 5(c) of the Notes to the extent that any time
limits specified in this Notice differ from those specified in the said
Condition 5(c).

Fiscal and Paying Agent
Bankers Trust Company
1 Appold Street, Broadgate, London EC2A 2HE, England

Paying Agents
The Sakura Bank, Limited
Ground and 1st Floor, 6 Broadgate,
London EC2M 2RQ

16 Raffles Quay,
Singapore 0104

Bankers Trust Company
New York, New York 10015
(for payments of principal only)

Bank of Indosuez Belgium
rue des Colonies 40
B-1000 Brussels

Bank of Indosuez Luxembourg
39 Allée Scheffer,
Luxembourg, L-2520

Sakura Bank (Luxembourg) S.A.
Central Parc 33,
Boulevard du Prince Henri,
1734 Luxembourg

Swiss Bank Corporation
Aeschenvorstadt 1,
CH-4002 Basle

22nd April, 1992 by: Sakura Finance Hongkong Limited

State Bank of Victoria

(a business name of the Commonwealth Bank of Australia)
(formerly the Commissioners of the State Bank of Victoria)

U.S. \$125,000,000
Guaranteed Undated Capital Notes

For the six months 21st April, 1992 to 21st October, 1992 the Notes
will carry an interest rate of 4 1/2% per annum with an interest
amount of U.S. \$219.22 per U.S. \$100,000 Note and U.S. \$5,483.47
per U.S. \$250,000 Note. The relevant interest payment date will be
21st October, 1992.

Listed on the London Stock Exchange

Bankers Trust Company, London Agent Bank

INTERNATIONAL DEPOSITORY RECEIPTS
REPRESENTING SHARES PAR VALUE \$2.50 COMMON STOCK
J.P. MORGAN & CO. INCORPORATED

A cash distribution of \$0.545 per Depositary share will be payable on
or after the 22nd April 1992 upon presentation of Coupon No. 88 at:

Morgan Guaranty Trust Company
of New York
35 Avenue des Arts
1040 Brussels

Bank of Indosuez & Luxembourg
2 Boulevard Royal
2553 Luxembourg

At the designated rate less applicable taxes.

This distribution is in respect of the regular quarterly dividend
payable on the common share P.V. \$2.50 J.P. Morgan & Co.
Incorporated on 15th April 1992.

INTERNATIONAL COMPANIES AND FINANCE

US banking results offer evidence of recovery

By Martin Dickson
in New York

SHARES in Wells Fargo, the California-based banking group, soared by more than 10 per cent yesterday morning after it reported first-quarter financial results which dipped from a year ago but were better than Wall Street had been expecting.

Several other leading US banks - Chemical Banking, Banc One and Mellon Bank - yesterday reported results that also underlined the gradual recovery in the industry from the severe difficulties of the past two years.

Wells Fargo, which was hit hard by losses on its real estate portfolio in 1991, reported earnings of \$1.09m, or \$2.09 a share, in the first quarter, down from \$1.52m, or \$2.86, in the same period of last year.

However, some analysts had been expecting earnings per share as low as 80 cents, and in morning trading on the New York Stock Exchange the company's stock soared \$7 to \$73 1/4.

The company's loan-loss provision was \$215m, compared

with \$700m in the fourth quarter of last year, and \$850m a year ago.

Net interest income increased 8 per cent to \$830m, compared with \$831m a year earlier. Substantially all the increase was due to its higher net interest margin - 5.70 per cent, compared with 5.06 per cent - partially offset by lower earning assets.

Mr Carl Reichardt, Wells Fargo's chairman, said that "economic recovery around the nation is still fragile and in much of California we are still waiting for some clear signs of a turnaround".

Chemical Banking, which at the end of last year merged with Manufacturers Hanover, a rival New York money centre bank, reported a 44 per cent increase in net income to \$650m, or \$1.2 a share, from \$181m, or 84 cents.

Mr John McGillicuddy, chairman, said there had been strong results in many key earnings components: higher net interest income; an increase in trading revenues; and improvements in several fee-based banking businesses.

The provision for losses was \$375m, compared with \$450m in the fourth quarter of last year and \$279m a year ago. Net interest income rose 18 per cent to \$1.115bn, while non-interest revenue rose 16 per cent to \$310m.

Banc One, the rapidly expanding Ohio-based super-regional bank, reported record first-quarter earnings of \$179m, or 86 cents a share, compared with \$150m, or 87 cents, in the same period of last year.

Mr John McCoy, chairman, said that continued strong retail loan demand and core deposit growth had boosted the net interest margin, which rose from 6.17 per cent last year to 6.82 per cent.

Pittsburgh-based Mellon Bank reported net income of \$66m, or \$1.36 a share, in the first quarter, compared with \$68m, or \$1.26, a year ago.

The figures reflected increases in net interest revenue, trading and other revenue, and service fee revenue. These gains were offset in part by increases in operating expense and a \$60m for loan losses, up from \$45m.

Blockbuster in first payout after 62% advance

By Louise Kehoe
in San Francisco

BLOCKBUSTER Entertainment, the fast-growing US video-rental group, yesterday reported a 62 per cent rise in first-quarter earnings. It also began paying quarterly dividends with a payout of 2 cents, Bloomberg reports.

Earnings for the quarter rose to \$25.7m, or 15 cents a share, from \$15.9m, or 10 cents, in the same quarter last year. Revenue rose to \$233.5m from \$178.7m.

Mr H. Wayne Huizenga, chairman, said: "With the company's substantial cash flow, we are in a position to pay our shareholders dividends and to continue to fund the company's aggressive capital requirements".

He attributed the improved results to expanded market growth, gains in same-store revenue, continued emphasis on cost control and increased productivity.

Blockbuster became the world's largest home video retailer following its acquisition earlier this year of Cityvision, the largest home video operator in the UK.

Partly as a result of that acquisition, Philips Electronics invested \$80m in Blockbuster common stock. Philips, a Dutch company, also holds an option to acquire 5m additional shares of Blockbuster stock before December 15.

If Philips exercises the entire option, it would hold about 7.1 per cent of the video company's outstanding shares, Blockbuster said.

At the end of the quarter, there were 2,829 Blockbuster video stores, of which 1,865 were company owned and 1,024 franchised.

Mesa warns on debt payment

MESA, the Texas oil company crippled by debt and depressed natural gas prices, yesterday told the New York Stock Exchange it might make an August debt payment with common stock instead of cash, Bloomberg reports.

The announcement renewed concerns that the already dwindling value of Mesa's common stock would be further diluted.

Mr T. Boone Pickens, chairman, said Mesa may make the August interest payment on its 12 per cent subordinated notes due in 1996 with stock.

Unisys surprises with first-quarter earnings of \$48m

By Louise Kehoe
in San Francisco

UNISYS, the long-struggling US computer manufacturer, yesterday reported much better-than-expected first-quarter earnings, boosting hopes for a successful turnaround after years of heavy losses.

Many analysts had projected a loss for the quarter but the company unveiled net income of \$48.3m, or 11 cents a share. In the same period last year Unisys recorded net losses of \$66.2m, or 79 cents.

This was the second consecutive quarterly gain for Unisys, which last year cut its workforce by 10,000 and consolidated operations in an effort to return to profitability.

First-quarter revenue slipped to \$2.01bn, compared with \$2.06bn in the year-earlier quarter. However, the company pointed out that revenue had increased slightly after the elimination of first-quarter 1991 revenue of \$62m from its

Timesplex subsidiary, which the group had sold last June.

"We are very pleased with a solid first quarter which exceeded plans in all key areas. The results are a clear indication that our turnaround actions and product and marketing programmes are on track," said Mr James Unruh, chairman and chief executive officer.

"Profitability and cash flow improved significantly and order, revenue and gross profit margin trends are improving," he added.

"In a quarter when we historically use cash, we generated \$121m in cash flow from operations and reduced debt by about \$100m, to \$2.4bn," Mr Unruh said. "While we remain very cautious about the timing and scope of a global economic recovery, we may be experiencing some early signs of an improving US market."

He repeated an earlier projection of profitability for the full year.

Pension fund attacks demutualisation plan

By Nikki Tait in New York

THE US Steel and Carnegie Pension Fund, a US institutional investor representing the interests of pensioners at the USX steel and energy group, yesterday hit out at the share allocation suggested by the Equitable, America's fourth largest insurer, in its "demutualisation" plan.

Mr James Carney, administrator of the pension fund, told a public hearing on the scheme that the proposed allocation of shares among its policyholders was unfairly biased toward the ownership of policies, rather than the contribution which policyholders had made to the insurer's profits.

The US Steel pension fund is a leading policyholder with the life company. The Equitable is the largest US insurer to demutualise - a practice which many believe will become more common as US insurers seek to bolster capital resources. It is converting under the supervision of the New York State insurance department, viewed as one of most professional regulatory organisations.

The scheme - designed to turn the company from one

controlled by policyholders into one owned by shareholders - is seen as a model for demutualisations. "It will set a precedent for the conversion of other mutuals," Mr Carney said. But "if policyholders resort to litigation", precedent would not be good one.

His complaint centred on the suggestion that each policyholder be allocated three shares apiece, regardless of the policy. They then receive further shares, based on actuarial calculations of their contributions to the mutual's surplus. Mr Carney claimed one share would be sufficient to reflect the policy ownership.

He calculated - using one of Equitable's theoretical scenarios - that 29 per cent of all shares going to policyholders could be allocated under the fixed-share basis if the three shares-per-policy system was used. Since some policy categories have been heavily loss-making in the past, he claimed that this would be unfair.

Equitable responded by saying that the fixed element was in line with previous demutualisations. Mr Carney stressed the fund was supportive of the demutualisation in principle.

American Brands shows gain

AMERICAN Brands, the US tobacco and drinks group, said fluctuations in exchange rates for foreign currencies, principally sterling, had adversely affected income by \$1.1m, or 5 cents a share, in the latest quarter, AP-DJ reports.

However, the group lifted first-quarter net income to \$245.2m, from \$218m in the 1991 quarter. Earnings per share increased \$1.18, compared with \$1.06. Revenues were \$3.83bn, compared with \$3.86bn.

Mr William Alley, chairman and chief executive, said: "Each of our five core businesses, as well as our specialty businesses group, reported higher operating income in the

quarter and an increase in operating margin.

"These results were achieved despite continued weak world economies, higher taxes on tobacco and distilled spirits and the stronger US dollar," Mr Alley added.

American Brands said profits from tobacco, its largest core business, were slightly ahead of year-earlier levels, in spite of a stronger dollar and an increase in UK cigarette taxes.

The company's American Tobacco unit posted record revenues and operating income, up 9 per cent and 6 per cent, respectively. Total cigarette unit sales rose 2.6 per cent, including exports, while

domestic cigarette sales rose 0.5 per cent.

American Brands said its US market share had declined slightly in the latest quarter.

The Franklin Life Insurance unit posted a 26 per cent increase in operating income as a result of substantially higher realised gains on investments.

Operating income in distilled spirits rose 41 per cent, reflecting the acquisition by Jim Beam Brands of seven brands from Seagram.

Operating income for Whyte & Mackay had been hit by price competition and increased marketing expenses, the company said.

Imperial Oil falls sharply to C\$40m

By Robert Gibbins
in Montreal

IMPERIAL OIL, Canada's largest integrated oil company, reported a sharp fall in first-quarter net profit to C\$40m (US\$33.9m), or 21 cents a share, down from \$196m, or \$1.02, a year earlier. Revenues were \$2.07bn, against \$3.4bn.

The latest period included a

\$14m after-tax loss on investments, against a gain of \$64m a year earlier.

Imperial, 70 per cent owned by Exxon, said it was putting its PVC plastics business up for sale, but would invest further in its polyethylene and ethylene businesses.

The company has been restructuring and reducing its downstream operations since

its \$5bn takeover of Texaco Canada two years ago.

In 1992, it plans to eliminate 1,700 jobs, shut 1,000 service stations and reduce refining capacity.

● Nova, the Calgary gas transmission and petrochemicals group, earned C\$32m in the first quarter, against \$26m a year earlier. Revenues were down 12 per cent to \$746m.



MALTA

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In The Heart Of The Mediterranean

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INSURANCE AND REINSURANCE
INVESTMENT BUSINESS
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SHIP MANAGEMENT AND REGISTRATION
TRUSTS
AND OTHERS




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- Highly educated, English speaking workforce
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For more information please contact:
MALTA INTERNATIONAL BUSINESS AUTHORITY
Palazzo Spinola, P.O. Box St. Julians 29, Malta.
Tel: (+356) 344230 Fax: (+356) 344334 Telex: 1692 MIBA MW



NESTLÉ S.A.

Nestlé S.A., Cham and Vevey (Switzerland)

The shareholders are hereby invited to the
125th Ordinary General Meeting
to be held on Thursday, May 21, 1992 at 3.00 p.m.
at the "Palais de Beaulieu" in Lausanne (Switzerland)

Agenda

1. Approval of the 1991 accounts and of the Directors' Report
2. Discharge of the Board of Directors and of the Management
3. Decision on the appropriation of the net profit
4. Statutory elections

The holders of bearer shares may obtain their admission card (with a proxy) at the Company's Share Transfer Office in Cham, or order them through a bank, not later than Monday, May 18, 1992, at noon. The cards will be issued either against presentation of a certificate in the name of the shareholder to the effect that the shares have been deposited with a bank, or after the shares have been deposited at one of the Company's Registered Offices. The shares will in both cases remain blocked until the day following the General Meeting.


The 1991 Annual Report, comprising in particular the Nestlé S.A. Directors' Report, will be held at the disposal of the holders of bearer shares, as from April 28, 1992, at the Registered Offices in Cham and Vevey and at the offices of the Company's paying agents.

The holders of registered shares whose names appear in the Share Register will, within the next few days, receive the invitation to the General Meeting, together with a reply form for ordering an admission card or appointing a proxy, as well as for ordering the full annual report.

Shareholders are requested to address any correspondence concerning the General Meeting to the Share Transfer Office of the Company in Cham (Switzerland).

The Board of Directors

Cham and Vevey, April 21, 1992
Switzerland



GROUP GOLD MINING COMPANIES

Summary of reports quarter ended 31 March 1992

Handfontaine Estates

The Handfontaine Estate Gold Mining Company, Westmont, Canada
Registration number 01002104

	Quarter ended	Nine months ended
	31.03.92	31.12.91
Ore milled: tons (000)	2 227	2 203
Yield: grams per ton	3,60	3,55
Working cost - per ton milled	\$83,31	\$82,37
	\$800	\$800
Net profit after tax	50 293	54 506
Capital expenditure	23 914	37 630
Interim dividend	-	15 284

Western Areas

Western Areas Gold Mining Company, Westmont, Canada
Registration number 01002104

	Quarter ended	Nine months ended
	31.03.92	31.12.91
Ore milled: tons (000)	527	961
Yield: grams per ton	5,19	4,98
Working cost - per ton milled	\$182,25	\$174,30
	\$800	\$800
Net profit	1 854	2 998
Capital expenditure	20 578	1 917

El J. Joel

El J. Joel Gold Mining Company, Westmont, Canada
Registration number 01002104

	Quarter ended	Nine months ended
	31.03.92	31.12.91
Ore milled: tons (000)	242	252
Yield: grams per ton	6,45	5,46
Working cost - per ton milled	\$178,70	\$170,10
	\$800	\$800
Net profit	7 425	8 548
Capital expenditure	5 439	6 558

Elaborate Gold Mining Company Limited.
Shareholders are advised to study the operating results of Western Areas Gold Mining Company Limited.

All figures are unaudited. Quarterly reports have been mailed to the shareholders of each company. Copies of the reports may be obtained from Barrage Brothers Limited, 99 St. Stephen's, London.

Johannesburg
22 April 1992

INTERNATIONAL COMPANIES AND CAPITAL MARKETS

JCI shows improvement to R59.6m

By Philip Gawth in Johannesburg

A SIGNIFICANT improvement in performance at the Joel mine helped the gold mines in the Johannesburg Consolidated Investment (JCI) group to boost profits in the March quarter.

The group posted net profit after tax of R59.6m (\$20.7m), a 2.1 per cent increase over net profit in the December quarter. The upturn came in spite of a 2.2 per cent drop in the average gold price received to R33,134 a kilogram.

Total gold produced rose by

3.1 per cent to 12,361kg on account of a 3.5 per cent improvement in the average grade to 4.11 grams a tonne.

The improvement in the group's results was attributed to the performance of Joel, where the grade had increased by 18.1 per cent to 6.45 grams a tonne and production had risen by 13.5 per cent to 1,580kg. Net profit after tax rose to R7.4m from R890,000.

The group said it was confident of repeating these results in the current quarter. The improved performance at Joel reflected more selective mining, which allowed a significant

reduction of the dilution percentages in the ore mined, the group said.

Mr Kennedy Maxwell, head of JCI's gold and uranium division, said he did not believe the strategy currently employed at Joel would have a big impact on the mine's reserves. He said JCI believed the gold price would recover to levels which would allow the group to return to low grade areas and mine them profitably.

The group's Randfontein mine benefited from a similar approach. It saw the yield rise to 3.6 grams a tonne, a level

last reached in June 1987.

Gold production was 2.5 per cent higher at 8,014kg, while both revenue and costs per kilogram were slightly lower.

Net profit after tax dropped by 7.7 per cent to R51.3m on account of a much higher tax bill. The mine again paid out a R5.2m productivity bonus to workers, effectively a further 12 per cent increase over their 5 to 6 per cent basic increase.

At Western Areas, R6m profit from uranium offset a R5.4m loss on the gold operations. Net profit from Western Areas slipped by 37.5 per cent to R1.8m.

Arab bank returns to profit with \$45m net

By Jose Galang in Manila

ARAB Banking Corp (ABC), the biggest international Arab bank, has announced a turnaround to net profits of \$45m for 1991 from losses of \$91m a year earlier, Reuter reports from Manila.

Mr Abdullah Sandi, president and chief executive, said the bank, which is mainly owned by the Libyan Treasury, Kuwait's finance ministry and the Abu Dhabi Investment Authority, blamed the 1990 loss on the Gulf crisis. However it expected net profits of at least \$100m in 1992.

He said ABC had not been affected by United Nations sanctions against Libya. It was still accepting Libyan deposits and its relationship with Libyan authorities had not changed, he said.

"We have a normal relationship with Libya... and we are maintaining this relationship. We are operating in this country and we are receiving deposits here and this is acceptable and legal," he said.

Gulf-based bankers said last month Libya had shifted large amounts of its liquid assets from Europe to accounts in the Arab world to protect them against future economic sanctions.

Mr Sandi said the bank was not on a list of Libyan-owned institutions with which US companies were banned from dealing. Nor was it likely to be placed on it in the future.

ABC would maintain its policy of expansion in the Arab world and planned to open a representative office in Iran before the end of 1992, he said.

Only about 15 per cent of the bank's assets are in the Middle East.

The bank said \$102m was allocated for 1991 loan-loss provisions, compared with \$179m in 1990.

Total income rose to a record \$623m from \$555m the previous year. Assets declined to \$20.45bn from \$20.55bn, while deposits climbed to \$16.8bn from \$16.6bn.

Capital adequacy ratios exceeded international requirements of 8 per cent, standing at 10.8 per cent at the end of 1991.

Investor loses two seats in board row at San Miguel

By Jose Galang in Manila

MR EDUARDO Cojuangco, the Philippine businessman who last week looked set to gain control of San Miguel Corporation, the country's largest industrial enterprise, was yesterday left with only one seat in the board.

An order from the chief justice of the Philippine Supreme Court issued hours before San Miguel's annual meeting yesterday restrained Mr Cojuangco from voting a block of shares that last year qualified his group for three seats in the 15-member board.

Until last week Mr Cojuangco, on the basis of a separate Supreme Court decision on March 4 ordering a new election at United Coconut Planters Bank, was widely seen as poised for a takeover of the bank and San Miguel.

The bank was organised by Mr Cojuangco with proceeds from a levy on the coconut industry. It is administrator of a block of 30 per cent of San Miguel shares.

Mr Cojuangco had persistently argued that the shares in San Miguel, although registered in the names of 14 shell

companies he and his associates controlled, were actually owned by some 1.4m coconut farmers who paid the coconut levy over between 1973 and 1982.

The lower court instructed by the Supreme Court to supervise elections at bank, however, is still to schedule the shareholders' meeting. Furthermore, the present board, composed of government nominees placed after the bank was sequestered in 1986, had already cancelled this year's annual meeting and election when the court decision came.

Yesterday's restraining order effectively pushed Mr Cojuangco from the beer-and-food conglomerate, which last year recorded sales of \$3.3bn pesos (\$2.2bn).

However, the incumbent controlling group, the Soriano family and nominees of the state's Presidential Commission on Good Government - which sequestered the United Coconut Planters Bank-administered shares - nominated only 14 names, leaving one for the Cojuangco group.

The shares in question were in the names of Mr Cojuangco, his relatives and a number of companies his family controlled.

Brierley Investments to merge meat subsidiaries

By Terry Hall in Wellington

BRIERLEY Investments (BIL), the New Zealand investment and industrial group, yesterday announced it was merging various subsidiaries in the meat industry to form a company with a projected turnover of NZ\$185m (US\$100.5) and a forecast profit of NZ\$8.3m.

A main component of the new company will be Huttons Kiwi, a company BIL said last year would be listed on the New Zealand Stock Exchange this year.

Huttons Kiwi, a producer of bacon, ham and other meat

products, is to be merged with the Riverland Group which exports beef to the US and Pacific rim countries.

The two companies are to merge with a Brierley controlled retail group Apparel Holdings, which is listed on the stock exchange and seems destined to be the vehicle to launch the meat group. Apparel, which is 96 per cent owned by BIL, will then sell its assets to the parent company for cash.

In the year to December 1990 Apparel made a NZ\$55m net loss but reduced this to a NZ\$199,000 loss in the year to last December.

Japanese lender to appoint new president

By Steven Butler in Tokyo

NIPPON Housing Loan, the troubled non-banker lender to the property sector, is set to sack Mr Keiichi Niwayama, president for 20 years, as part of an effort to come to grips with its huge portfolio of bad debt.

The company confirmed yesterday it would soon appoint a new president, likely to be Mr Susumu Niwa, a former executive at the Sanwa Bank who is senior managing director at Nippon.

The management shake-up is symptomatic of the serious bad debt problems facing the non-bank sector, and the commercial banks that provided finance.

The exact size of the problems at Nippon are impossible to gauge because bad loans need not be declared as such until a year after payment stops. The steep decline of property prices in Japan's principal cities, however, has pushed many borrowers beyond the brink.

According to Tokoku Data Bank, a Japanese credit agency, loans declared bad by the eight housing loan companies to corporations which failed last year totalled ¥90.7bn (\$675m), although the final total is likely to prove much higher.

Nippon had assets of ¥3,982bn as of last September.

Westinghouse takeover closer

BTR, the diversified British industrial group, yesterday appeared to be close to completing the acquisition of outstanding shares in Westinghouse Brake and Signal (Australia), writes Kevin Brown in Sydney.

The Australian Securities Commission required BTR to make an acceptable offer for the 15 per cent of the company it did not own, following its takeover of Hawker Siddeley, the UK engineering group. Hawker formerly controlled Westinghouse.

Taiwan to slice bond programme

TAIWAN is cutting sharply its programme of government bond issues as its six-year, \$300bn economic development plan runs into difficulties, Reuter reports from Taipei.

The government intended to increase new bond issues by at least 140 per cent in the fiscal year to June 1992, to pay for the ambitious development plan, originally scheduled to end in mid-1997.

In November it reformed its issuing system, auctioning bonds instead of allocating them at fixed prices, to ease pressure on state finances and create a secondary bond market able to absorb the large number of new issues.

However with many projects in the six-year plan plagued by delays, the government is now cutting bond issues because it is unable to spend the money on schedule, said Mr John Shueh, head of the Treasury department in Taiwan's central bank.

"Delays in construction projects are the major factor in our scaling back issues," he said.

The government cancelled a bond issue due in May and will only issue about T\$230bn (US\$9.1bn) in the current fiscal year, against the original target of at least T\$250bn.

In the next fiscal year, to June 1993, the government will issue T\$230bn of bonds instead of the T\$300bn which was originally planned, Mr Shueh said.

Poor results for S Korea brokers

SOUTH Korea's 25 securities firms suffered net losses of Won\$5.24bn (\$58.9m) in the 1991 fiscal year ended March 31, according to estimates by the country's securities supervisory board, AP-DI reports from Seoul. The figure represents a sharp reversal from year-earlier earnings of Won\$29.62bn.

In contrast, six new securities firms showed combined earnings of Won\$6.91bn in the same fiscal year. The six firms, most of which started in the second half of 1991, are converting their businesses from short-term lending to brokering.

The securities supervisory board attributed the poor results of the older 25 firms to the sluggish local stock market

and tighter liquidity, which meant higher interest expenses.

Meanwhile, the six new firms benefited from tighter liquidity as they were allowed to do short-term lending business on a temporary basis until the completion of their conversions.

Of the 25 established firms, only six reported a rise in earnings in 1991, compared with the previous fiscal year.

The six include Daewoo Securities with Won\$5.9bn in net earnings, up \$2.1 per cent from a year ago; Seoul Securities with Won\$5.5bn, up \$6.6 per cent; and Hanyang Securities with Won\$3.15bn, up 84 per cent.

Daewoo, as the nation's largest securities house, fared well

in securities investments in the local market compared with other companies. Earnings were also boosted by dividends of Won\$4bn for investments in a joint securities venture in Hungary, which started up in 1991.

Tonyang Securities is the only one which swung to the black, with net earnings of Won\$5.9bn in 1991 from a loss of Won\$16.39bn a year ago.

Seven companies, including Daishin Securities, Lucky Securities and Dong Suh Securities, showed full-year losses, a turnaround from the black a year ago.

Three companies, Seangyong Securities, First Securities and Construction Securities, reported losses for the second straight year.

Aerospace head named

By Luisa Mudge in Taipei

TAIWAN Aerospace has announced the appointment of Mr Earle Ho, 53, as chairman, following the resignation of Mr David Huang, 72.

Mr Ho, known as the "Ship-breaking King" during the 1980s, is also chairman of the private Tungsho Steel and heads the Taiwan Steel and Iron Industries Association.

His appointment is seen as a means for the Taiwanese government to distance itself from the company's proposed \$2bn deal to buy up to 40 per cent of the commercial operations of McDonnell Douglas, the US aerospace group. His predecessor,

Mr Huang, had close ties with the government and the military.

The deal has come under fire in the island's parliament, and the government is considering taking as little as a 25 per cent stake in the deal. "It could be 30 or 25 per cent," acknowledged Mr Denny Ko, president of Taiwan Aerospace.

It is hoped that Mr Ho's influence in the business community and lack of official ties will help to re-establish Taiwan Aerospace's image as a private enterprise, although observers say the government will still make the final decision and find the money to finance the deal.

Pemex in \$38m Japanese deal

PETROLEOS Mexicanos (Pemex), the state-owned oil company, last week became the first Mexican borrower to raise funds in the Japanese market since the country's debt rescheduling was completed in 1989, writes Tracy Corrigan.

Pemex has led the field of Latin American issuers to return to the Eurobond market in the last few years.

The \$38m placement of five-year floating-rate debt was arranged by Barclays de Zoete Wedd Japan. The debt is secured on four offshore drilling platforms in the Gulf of Mexico.

البنك السعودي الأمريكي
Saudi American Bank

FINANCIAL HIGHLIGHTS

UNAUDITED AS OF MARCH 31, 1992

	March 31 1992 SR '000	March 31 1991 SR '000
Assets		
Cash and Due from Banks	11,541,071	11,264,637
Loans and Advances (net)	10,300,391	7,910,212
Bonds and Securities	14,634,488	9,119,562
Other Assets	1,652,439	1,829,942
Total Assets	38,128,389	30,124,353
Liabilities and Shareholders' Funds		
Customer Deposits	28,671,476	22,593,298
Due to Banks	5,792,371	4,076,248
Other Liabilities	1,051,510	1,154,501
Shareholders' Funds	2,613,032	2,300,306
Total Liabilities and Shareholders' Funds	38,128,389	30,124,353
Contra Accounts	48,438,943	39,856,096
Statement of Earnings		
Operating Revenue	337,264	257,095
Less: Operating Expenses	(112,670)	(113,934)
Total Operating Income	224,594	143,161
Transfer to Reserves	(8,929)	(11,156)
Net Income for the quarter ended March 31, 1992	215,665	132,005

For further information, please contact:
Head office: The Corporate Secretary, Saudi American Bank, P.O. Box 833, Riyadh 11421, Kingdom of Saudi Arabia. Telephone: (01) 477 4770.
London branch: The General Manager, Saudi American Bank, Nightingale House, 65 Curzon Street, London W1Y 7PE, U.K. Telephone: (71) 355 4411.
Istanbul branch: The General Manager, Saudi American Bank, P.O. Box 49, Levant, Istanbul, Turkey. Telephone: (11) 300284/7.
Geneva office: The General Manager, Samba Finance S.A., 16 Rue de la Pêcherie, 1204 Geneva, Switzerland. Telephone: (22) 282400.
New York representative office: The General Manager, Saudi American Bank, 666 Fifth Avenue, New York, NY 10103, U.S.A. Telephone: (212) 3078274.
Paris representative office: The General Manager, Saudi American Bank, 51 Avenue Hoche, Paris 75008, France. Telephone: (1) 43 80 00 80.

NEW ISSUE

All of these securities having been sold, this announcement appears as a matter of record only.

April 22, 1992

2,000,000 Shares

The R.O.C. Taiwan Fund

Shares of Beneficial Interest

These securities were offered internationally and in the United States.

International Offering
1,000,000 Shares

Credit Suisse First Boston Limited

PaineWebber International

Banque Indosuez

Barclays de Zoete Wedd Limited

James Capel & Co.

Dresdner Bank

KDB Bank (UK) Limited

S.G. Warburg Securities

United States Offering
1,000,000 Shares

The First Boston Corporation

PaineWebber Incorporated

US\$100,000,000

MARINE MIDLAND BANKS, INC
FLOATING RATE SUBORDINATED CAPITAL NOTES

due 1999



For the three months 22nd April 1992 to 22nd July 1992 the Note will carry an interest rate of 4% per annum with a Coupon amount of US\$110.59 per US\$10,000. Interest payment date 22nd July 1992.

HONGKONG BANK LONDON LIMITED
INTEREST DETERMINATION AGENT

Crédit Commercial de France
U.S. \$100,000,000

Floating Rate Notes due 1992

For the six month period 21st April, 1992 to 21st October, 1992 the Notes will carry an interest rate of 4.30% per annum with a coupon amount of U.S. \$218.58 per U.S. \$10,000 Note payable on 21st October, 1992.

Listed on the Luxembourg Stock Exchange

Bankers Trust
Company, London

Agent Bank

COMPANY NEWS: UK

Fire and Acts of God included

Andrew Jack on the fortunes of the Ecclesiastical Insurance Group

GOD MAY have had a hand in its creation, but Ecclesiastical Insurance Group finds that most of its current concerns are rooted firmly here on earth.

It is scarcely ruffled by the £2m it estimates will be paid out as a result of the IRA bomb 12 days ago which damaged six churches in the City of London. It is confident that its diverse portfolio should absorb any short-term impact on premiums.

A statement issued shortly after the bomb blast was more preoccupied with the damage to church heritage and "irreplaceable" stained glass than with the claims it would be required to meet.

"Mercifully," it said, "the organist at St Helen's, Bishopsgate, who was playing the organ at the time of the explosion and was showered with glass was uninjured although he was severely shocked."

The aura of the Church of England still hovers over the company, which was founded in 1887 by senior members of the Anglican hierarchy and still insures 95 per cent of its churches. However, divine inspiration has not left the company safe from the problems facing its secular competitors. It declared losses of

£2.18m for the six months to last June, and of £840,000 for the last full year - much of it the result of the 1990 storms and other natural catastrophes. Ecclesiastical paid out more than £2m to York Minster after fire damage caused by lightning in 1984 - unleashed, some people suggested, by the enthronement two days earlier of the controversial Bishop of Durham. It is also contributing to the costs caused by the crane that collapsed on to the roof of St James Garlickhythe in London last year.

Mr John McArdell, who joined the company straight from school in 1948 and is now deputy managing director, lists a number of "standard perils" triggering its policies, with wind damage, frozen pipes and lightning strikes high among them.

Acts of God are all covered by Ecclesiastical's policies. But those motivated by Mammon are rather more of a drain on its resources. Vandalism and arson are both on the increase, while one in three churches are now affected each year by theft of items such as lead roofing, offertory boxes and pews.

The company employs 75 surveyors and valuers around the country, well-versed in their appreciation of historic buildings, who quantify premi-

ums and assess payments when claims are made.

The Ecclesiastical Buildings Fire Office, as it was originally known, remains true to its Victorian roots and objectives: to conserve for the Church profits from insuring its property. On top of its original motto - "For the church" - its modern slogan is "Insurance you can believe in."

The board is still dominated by Anglican clergy, and its various subsidiaries are all ultimately owned by Allchurches Trust. The trust is able to recover the tax paid on the dividends and distribute the money to church causes.

The religious backdrop has not blurred a good eye for business, however. Dividends to the trust have grown sharply, totalling £16m since it was created, £6m of which was generated in the last five years.

Ecclesiastical's investment portfolio mirrors that of other insurance companies. It has boosted premium income with new products, such as contents cover for vicarages and motor insurance for the clergy. In 1988, it launched the Amity Fund, an ethical unit trust investing in companies which contribute to "the quality of family and community life".

The company is not exempt from unholy competition, however. Alongside the larger general insurers, Methodist Insurance, Congregational & General and United Reform Church Insurance all vie to cover the buildings of their own denominations.

"The stock of churches is not expanding and the Church is under a lot of financial constraints," says Mr McArdell. "We try to run church insurance near to break-even. The market is very competitive."

As a result, the company launched a programme of diversification in the 1970s and now has 10 offices in the UK and three in Canada.

It has also moved into more general types of insurance, using its expertise in historic buildings to capture the business of more than 50 per cent of all independent and public schools, as well as a growing number of nursing homes and charities.

But the ethical philosophy remains, reflected in initiatives such as subsidies to keep premiums charged to vicars in inner cities to levels in lower risk areas.

"We are wholly independent of the Church of England," says Mr McArdell, "but would hope everything we did would be approved of by it."



The Wren church of St James Garlickhythe and the destruction caused by a crane from the construction site opposite

Venture Plant suspended ahead of statement

By Andrew Bolger

SHARES IN Venture Plant Group were yesterday suspended at 8.45p, shortly before the USM-quoted plant hire business said it would soon announce a substantial acquisition.

Venture is expected to announce the purchase of a materials handling business in the mining industry, funded with a rights issue, by the first week of May.

The deal will represent the first significant move by Mr Richard Cameron and Mr Brian Thompson, Venture's joint chief executives, who

both joined the loss-making company from Blackwood Hodge, the international distributor of earthmoving equipment which was bought by BM Group in 1990.

Venture was seen as an attractive "shell" by Mr Thompson and Mr Cameron, who each own 7.5 per cent of the company. The group incurred pre-tax losses of £5.5m in the year to end-September, but eight of the 11 branches have been closed, and there have been substantial redundancies and sales of surplus equipment and land.

At suspension, Venture had a market value of £2.6m.

Capital-reorganisation for Dwyer

Dwyer, the Dublin-based property company, is proposing a capital reorganisation aimed at cutting gearing and allowing it to end the payment of preference dividends.

It plans to replace its convertible preference shares with ordinary shares on a 1-for-1 basis. The 12.8m shares resulting will represent a little less than 50 per cent of the enlarged capital.

The company said that with the conversion price of 256p, against yesterday's closing

price of 34p, down 5p on the day, and following a fall of 9p on Thursday, it was unlikely holders would exercise their rights making the preference shares similar to debt.

Treating them as such resulted in gearing of about 400 per cent, which the reorganisation would cut to 175 per cent. On the same basis net asset value per share would fall from 120p to 110p.

The proposals will be put to an extraordinary meeting on May 14.

BANGKOK BANK LIMITED
LONDON BRANCH
BUSINESS AS USUAL

Following the disruption to our London Office at 61, St. Mary Axe, London EC3 we have moved to temporary premises in the city.

The Bank is now at:

Den Norske Bank Building
First Floor
20, St. Dunstan's Hill
London EC3R 8HY

Tel: 071-9294422

Facsimile: 071-2833988

Telex: 8812448 BK BANKG
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Notice of Interest Payment

Siderca S.A.L.C.

(INCORPORATED IN ARGENTINA)

10% NEGOTIABLE OBLIGATIONS - CLASS 1991

In accordance with the provisions of the 10% Class 1991 Negotiable Obligations due 1992-1996 notice is hereby given that for the 152 day (95 day basis) interest period from November 7, 1991 to May 7, 1992, the notes carrying an interest rate of 10% per annum, will be payable on May 7, 1992, in US Dollars per \$1000 denomination \$20.56, per \$10,000 denomination \$205.56, and per \$100,000 denomination \$2,055.56.

The corresponding interest payment shall be effected upon presentation of Coupon No. 1, as of May 7, 1992, to the respective Paying Agents as follows:

The Bank of New York
40 Rector Street
London W1X 6AA, England
Between 9:00 a.m. and 4:00 p.m.

Kredietbank S.A., Luxembourg
43 Blvd. Royal - L. 2955 Luxembourg
Grand Duchy of Luxembourg
Between 9:00 a.m. and 4:00 p.m.

Banco Rio de la Plata
Barrakón Milre 450 - 4th Sub-Basement
Buenos Aires, Argentina
Between 10:00 a.m. and 3:00 p.m.

Payments in Buenos Aires requires five Business Days prior presentation.
The Bank of New York
Floor Agent

April 22, 1992

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COMPANY NEWS: UK

Ropner stages second half recovery

ROPNER, the engineering, property, investment and shipping group, picked up in the second half to leave 1991 pre-tax profits just 4.5 per cent short on the previous year.

Profits for the 12 months worked through at £5.7m (£5.53m), after being £2.7m (£2.97m) at the halfway mark. "A creditable performance" according to Mr Jeremy Ropner, chairman.

Following the earlier disposal programme, turnover dropped from £55.4m to £14.6m, and generated an operating surplus of £1.55m compared with £2.64m.

The rest of the profit was

made up of income from interests in associated undertakings £1.81m (£1.59m) and investment revenue £2.09m (£2.11m), less interest payable significantly lower at £181,000 (£315,000).

Mr Ropner said each of the three operating divisions contributed positively, stringent control of costs and "a realistic approach" to marketing made a significant impact.

Engineering activities included production of domestic electric heaters, textile and can making machinery, and machinery for paper making and paper processing.

Profit of the Scruttons asso-

ciate was £4.27m (£1.87m). Group share was £1.22m and included non-recurring exceptional items of £2.42m of which £283,000 was attributable to the shareholding.

It was clear that recessionary and competitive influences were affecting Scruttons' performance in 1992. Mr Ropner declared.

Cash resources created by disposals had been conserved against the background of a deteriorating business environment. The group had generated a positive cash flow while continuing to invest in existing businesses.

For the current year Mr Rop-

ner was optimistic of a better contribution from engineering, where Melton had a gratifying order book, and of continuing progress in property. Shipping, however, was unlikely to achieve a result comparable to 1991.

When the business climate improves I am confident that as a result of the measures we have taken to restructure the framework of the company - our profitability and dividend-paying capability will improve," he said.

Earnings per share were maintained at 15.8p and the dividend is held at 8.25p with a final of 4.75p.

Ivax pays £22m for Waverley

By Paul Abrahams

WAVERLEY Pharmaceutical, a privately-owned contract manufacturing company, has been acquired by Ivax Corporation, the US chemicals and pharmaceuticals group.

Waverley's owners have been paid about £22m in non-tradeable stock for the group which in 1991 had turnover of \$9m and trading profits of \$650,000.

Mr Ian Black, Ivax's vice president international, said the company would continue to pursue companies throughout Europe in an effort to expand its marketing network

and product range. The group already has expertise in tablet, capsule, injectable and aerosol delivery systems. It develops and manufactures both patented and generic medicines.

"This move will help us achieve our aim of becoming a fully-integrated pharmaceutical manufacturer with the capability to produce all dosage forms," Mr Black explained.

Waverley, which specialises in blow-filled seal technology used in respiratory medicine, ophthalmology, surgery and contact lens care, sells nearly all its products in Europe.

Greenacre tops £0.9m after 70% advance

EXPANSION by Greenacre

Group, the nursing and residential care home business, saw pre-tax profit increase 70 per cent, from £336,000 to £513,000, in the year to January 31 1992.

Beds under operation and/or development rose from 119 to 334 and the number of homes from three to seven. Most of the expansion was in Gloucestershire where the group was the principal provider of long stay nursing beds for the elderly.

Turnover rose to £3.03m (£2.18m). Nursing and residential care homes accounted for £751,000 (£439,000) of the profit. Earnings per share were 0.7p (0.47p) basic and 0.47p (0.45p) fully diluted. The final dividend is 0.125p for a total of 0.25p (0.225p).

Mr Tony Acton, chairman, said the balance sheet remained strong with shareholders' funds of £11.6m and net cash of £3.2m. No interest was capitalised in the past year.

"We remain in an excellent position to continue our expansion plans in the year ahead," he stated. The 60-bed nursing home at Trowbridge was expected to open in the final quarter.

Net losses of £23.5m compared with net income of £1.09m last time. Oil and gas revenues advanced to \$11.2m (\$8.35m) thanks to higher production levels. Losses per share grew to 32 cents (1 cent).

Exploration Co of Louisiana

The Exploration Company of Louisiana, the oil and gas exploration and production company quoted in London, plunged into losses in 1991.

In the final quarter non-cash provisions related to a \$6.9m (£3.89m) write-down of investment and other assets and an impairment of oil and gas properties amounted to \$14.6m. The latter resulted from sharply lower 32c gas prices.

Net losses of \$23.5m compared with net income of \$1.09m last time. Oil and gas revenues advanced to \$11.2m (\$8.35m) thanks to higher production levels. Losses per share grew to 32 cents (1 cent).

Pilkington quits US auto glass market

PILKINGTON, the glassmaker, yesterday announced it was to quit the US retail market for automobile glass by swapping its 70 retail stores for 22 wholesale distribution warehouses owned by TCG International Inc (TCGI) of Canada.

Pilkington said it would pay TCGL an undisclosed amount to balance the deal but the cost would be lower than 5 per cent of consolidated net assets, or less than \$100m.

The TCGL warehouses will be added to the 57 wholesale centres operated throughout the US by Libbey-Owens-Ford, a Pilkington subsidiary.

Keystone net asset value well down

Net asset value per ordinary share of the Keystone Investment

US\$100,000,000

Floating rate subordinated notes due July 1997

In accordance with the provisions of the notes, notice is hereby given that for the

Interest Period 17 April, 1992 to 17 July, 1992 the notes will carry an interest rate of 4 1/4% per annum. Interest payable on the relevant interest payment date 17 July, 1992 will amount to US\$10.59 per US\$10,000 note and US\$552.95 per US\$50,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

NORWAY

The FT proposes to publish this survey on 23rd 1992.

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FT SURVEYS

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WOOLWICH BUILDING SOCIETY

£275,000,000 Floating Rate Notes Due 1995

(comprising £200,000,000 Floating Rate Notes due 1995 and £75,000,000 Floating Rate Notes due 1996)

Interest Rate: 10.625% per annum

Interest Period: 21st April, 1992 to 21st July, 1992

Interest Amount per £50,000 Note due 21st July, 1992: £132.09

Interest Amount per £50,000 Note due 21st July, 1992: £1,320.87

Agent: Baring Brothers & Co., Limited

Notice of Redemption to the Holders of Whitman Finance Corporation N.V.

(formerly IC Industries Finance Corporation N.V.)

Sinking Fund Zero Coupon Bonds Due 1994

NOTICE IS HEREBY GIVEN, that pursuant to the provisions of Section 5 of the Fiscal and Paying Agency Agreement dated May 15, 1982 among IC Industries Finance Corporation N.V. (now Whitman Finance Corporation N.V.) (the "Company"), IC Industries, Inc. (now Whitman Corporation), as Guarantor, and The Chase Manhattan Bank, N.A., as Fiscal Agent and Paying Agent, \$58,256,000 aggregate principal amount of the Company's Sinking Fund Zero Coupon Bonds Due 1994 (the "Bonds") will be redeemed, through operation of the sinking fund, on May 15, 1992 (the "Redemption Date"), at a redemption price equal to 76.610% of the principal amount of the Bonds to be redeemed (the "Redemption Price").

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COMMODITIES AND AGRICULTURE

Canadian find sparks off airborne diamond rush

By Kenneth Gooding,
Mining Correspondent

THE BIGGEST rush to stake mining claims in the history of the North American industry is going on at Lac de Gras in Canada's Northwest Territories. Causing all the excitement are 81 small diamonds, each less than 2 mm in diameter but some of gem quality, found in a kimberlite pipe about 300 km (185 miles) north-east of the city of Yellowknife.

At least 22,800 sq km (8,800 square miles) has been staked around the first discovery and hundreds of claims are still outstanding. Stakers are using helicopters because each claim area is so large - more than 1,000 hectares (2,500 acres) in most cases. A device fitted to the helicopter gives a constant reading of longitude and latitude and when a pre-determined site is found the helicopter lands, allowing a crew member to jump out and hammer in a claim post.

The Northern Miner, Canada's mining newspaper, reports, however, that so great is the rush that many of the

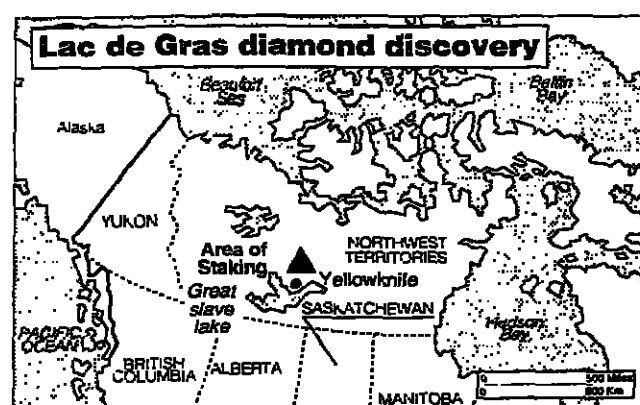
posts are being dropped from above and will be secured only after the spring thaw.

The claim rush, said by some observers, even to outdo the Yukon gold days at the end of the 19th century, is being caused by a peculiarity of geology. Kimberlite pipes usually occur in clusters of ten to 40 spread over an area of 100 sq km or more. So there is every chance that the main diamond bonanza could be well outside the area where the first stones were found.

The diamonds were in a 140 m (459 ft) length of core drilled by a joint venture owned by BHP, Australia's biggest corporation, and a Canadian junior exploration company called Dia Met Minerals.

Significantly, among those to have rushed to the area is Monopros, the Canadian exploration arm of De Beers, the South African group which controls 80 per cent of the world's trade in rough (uncut) diamonds.

The Northern Miner reports that the joint ventures have transported 300 tonnes of material from Lac de Gras for testing. On trucks carried the material along the 580 km win-



ter road, built when the ice is thick enough, between Echo Bay's Lupin gold mine and Yellowknife, capital of the Northwest Territories. This road runs half a mile from the diamond discovery.

Sampling is being carried out at Dia Met's 80 tonnes a day diamond recovery plant near Fort Collins in Colorado. The company estimates that, after some fine tuning, recovery rates will be about 99 per cent.

Analysts suggest that to be economic the kimberlite pipe, estimated to have a surface

area of 16 to 32 hectares, would

need a grade of 0.5 to 0.9 carats a tonne (1 carat equals 200 milligrams) with diamond quality of 850 a carat. Sampling will indicate the ratio of industrial to gem quality diamonds. Industrial diamonds, which also can be made synthetically, fetch only about \$1.3 a carat. BHP has decided to double its annual spending on the Lac de Gras property to C\$2m (\$950,000). To earn a 51 per cent interest, the Australian group has also agreed to finance a feasibility study and arrange production financing of up to

C\$500m. Mr Vincent Pisan, analyst at Potter Warburg, the Sydney stockbroker, points out in the latest S.G. Warburg International Mining Outlook, that the Lac de Gras venture is not the only one providing diamond exploration excitement in North America. In Saskatchewan, four or five companies are working in the Prince Albert area. At Fort-Lacombe, Canada and Uranium Mining report that 160 microdiamonds have been recovered from 15 separate kimberlite pipes. But, at an average of 2 carats a tonne, the grade is uneconomic. There is also exploration in Northern Alberta and Ontario in the Attawapiskat River area.

Ashton Mining, the Australia group that owns 40 per cent of the world's biggest diamond mine (in weight terms) at Argyle in the Kimberley district of Western Australia, is committing 30 per cent of its US\$5m diamond exploration budget over the next three years to the Great Lakes project located south of Lake Superior and west of Lake Michigan in the states of Michigan and Wisconsin.

Exploration there revealed a cluster of kimberlitic pipes bearing microdiamonds and these are being tested for commercial potential. Ashton is earning a 51 per cent interest in the project from a junior company called Crystal Mining. Early work was carried out by Dow Chemical and it also retains an interest.

Ashton believes that Great Lakes has the potential to be a world-class diamond deposit. However, Northern Miner adds some words of caution. It points out that there have been several diamond finds in the US but only one, the Crater of Diamonds State Park in Arkansas, ever reached production. This is not surprising as, in order for diamonds to remain intact and not convert to graphite or carbon dioxide, they must be brought to the surface from depths of 160 km or more at speeds of 8 to 32 kph as the kimberlite/lamproite magma reaches the surface.

Consequently, although there are more than 3,000 known kimberlite deposits in the world, fewer than 1,000 carry any diamonds and only 50 to 60 have ever proved economic.

Canadian company acquires S African platinum prospect

By Bernard Simon in Toronto

INTERNATIONAL Platinum, a Canadian exploration company that has so far confined its efforts to North America, has acquired control of a platinum prospect in South Africa.

IP is buying Jamestown Exploration, the main shareholder in which is Mr James Hamilton, a South African geologist. Mr Jamestown has in turn exercised an option on a property previously held by Britain's RTZ, near the Northern platinum mine in the western Transvaal.

Mr Glen Varty, IP's president, said that IP is now looking for a partner to carry out further drilling work on the property.

Part of the funds for the exploration work will come from the proceeds of a recent C\$305,000 (\$150,000) private placement, which has resulted in an Australian company, Turnbull Doyle Resources of Melbourne, acquiring a 20 per cent stake in IP.

The chairman of Turnbull Doyle is Mr Neville Wran, who was premier of New South Wales from 1976 to 1988.

IP, which is listed on the Toronto stock exchange and on Nasdaq, has nine platinum exploration properties in Canada and the US state of Michigan. But Mr Varty said that with the improved political situation in South Africa, "it's attractive to be back down there".

Iraqi farmers offered 200% grain price rises

IRAQI FARMERS are offered an even smaller harvest than last year, is raising government prices for wheat and barley by up to 200 per cent to stop farmers selling to private buyers, reports Kenter from Baghdad.

The government announced it would pay farmers D2,250 (\$1,320) a tonne for wheat, compared with D800 (\$480) last year, and D1,500 a tonne for barley, up from D500.

UN experts said they expected this year's wheat and barley crops to be at least 30 per cent below last year's because of UN sanctions imposed after Iraq invaded Kuwait in August 1990.

Agriculture ministry figures put last year's wheat harvest at 525,000 tonnes, down from

1.15m tonnes in 1990 and the barley crop at 520,000 tonnes, compared with 1.85m tonnes.

Shortages of fertilizer, insecticides, irrigated land, spare parts and certified seeds caused the shortfall despite fairly good rains and a full year to recover from the Gulf War.

"It was a fairly good year compared to last but negative factors caused by sanctions will mean the wheat and barley crop is even less," said one UN expert. "This trend will doubtless continue until sanctions are lifted."

President Saddam Hussein ordered the price rises. He has vowed Iraq will survive sanctions despite US and British pledges to continue them until he is toppled.

Comex's first lady makes an energetic beginning

Barbara Durr reports on an action-packed opening month for the exchange's newly-elected chairman

FRESH ON the job as chairman of the New York Commodity Exchange (Comex), Ms Donna Redel, elected to the office on March 24, has put her formidable energy behind two priorities that have become nearly a mantra for all exchange executives: raising trading volume and lowering costs. And in her initial steps toward those goals, Ms Redel has shown the drive and boldness that helped make her the first woman ever to chair a commodities exchange.

She has approached European exchanges directly to ask for closer co-operation with on products and has pressed for quick action on a merger of Comex with the US Coffee, Sugar and Cocoa Exchange. A merger would cut costs for the overlapping memberships of the two exchanges.

Earlier this month, on a lightning trip to London, Ms Redel asked for the advice and guidance of the London Metal Exchange on the possibility of redesigning the Comex's languishing aluminium contract, which has not traded since 1980. With precious metals in the slow lane of trading, she is seeking to create stronger base metals division to pump up volume. In this regard, she underlines how important it is "for Comex to explore reviving

In a direct competitive challenge to the New York Mercantile Exchange, the New York Commodity Exchange has announced plans to introduce platinum and palladium futures, which currently trade on Nymex.

Comex announced that its board of directors last week appointed a task force to review the markets and recommend specifications for the proposed contracts. "Incorporating platinum and palladium contracts into our existing product line will be highly beneficial for the industry, while representing a natural fit for us," said Mr David Halperin, president of Comex, who already lists gold, silver and copper.

Mr Halperin said that prior to his board's decision last week Comex and Nymex had discussed several proposals which would shift trading of the two contracts to Comex under a revenue sharing agreement. But none of the proposals proved acceptable, he said in a statement released yesterday.

Nymex reacted angrily to the announcement saying, "We question the commitment to this industry by an institution which for apparent political motivation would attempt to remove liquidity from existing markets by offering a product with no substantial difference."

The two exchanges have ended up at each other's throats after years of talks about a merger founded last year.

Meanwhile, the new chairman is stepping up efforts to arrange the merger with the CSE. A merger committee has prepared a proposal for consideration by both exchanges' boards of directors at their next meetings. These will be held by May 13 and, if the light is green, a merger scheme will be put to the memberships of both exchanges.

Ms Redel hopes that the approval process, at the board and membership levels, will be completed by the end of the year at the latest. A merger would reduce costs for members clearing firms and the exchanges by eliminating duplication in the back offices and in administration.

With respect to the joint construction of a new building with the CSE, the Cotton Exchange and the New York Futures Exchange - the New York Mercantile Exchange has decided to go it alone on a new site - Ms Redel has said that she will evaluate the project on a "cost-benefit analysis". It is expected, however, that Comex will proceed with its previous decision to move to a new site.

Ms Redel made her first pilgrimage to Washington last week to plead with the CFTC for higher limits on investors' speculative positions. She describes raising position limits as "close to my top priority". On this issue, she is joining a chorus of futures industry voices who argue that US exchanges are increasingly losing business to overseas and unregulated markets because of low, regulatory position limits on trading. With the advent of institutional trading and large commodity funds, the industry has changed, but the rules have not, said Ms Redel.

She intended to request that gold and silver contract limits be raised from their current level of 6,000 lots to 15,000 lots (of 100 troy ounces for gold and 5,000 troy ounces for silver). Asked recently if she had any particular perspective as a woman in the male-dominated world of futures trading, Ms Redel - daughter of a former Comex chairman and executive vice president of the family firm, Redel Trading - shot back: "My perspective is a business one. She is, however, one of the few women to reach executive heights in the macho rough and tumble of the commodities markets. She has taken leave of the responsibilities at her own firm to work as the first full-time Comex chairman, drawing a salary of \$126,000 a year. But her capacity for work has not been dented; she is also studying law at night to add a fresh qualification to the MBA she already holds.

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market, 99.6 per cent, \$ per tonne, in warehouse, 1,700-1,750 (1,700-1,740).

BISMUTH: European free market, min. 99.99 per cent, \$ per lb, in warehouse, 2.40-2.50 (same).

CADMIUM: European free market, min. 99.5 per cent, \$ per lb, in warehouse, 0.90-1.10 (0.85-1.10).

COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 26.50-27.50 (27.00-28.50).

MERCURY: European free market, min. 99.99 per cent, \$ per 70 lb flask, in warehouse, 110-125 (115-125).

MOLYBDENUM: European free market, drummed moly-

dic oxide, \$ per lb Mo, in warehouse, 2.11-2.17 (same).

SELENIUM: European free market, min. 99.5 per cent, \$ per lb, in warehouse, 4.80-5.50.

TUNGSTEN ORE: European free market, standard min. 65 per cent, \$ per tonne unit (10 kg WO₃), 56-66 (same).

VANADIUM: European free market, min. 98 per cent, \$ a lb V₂O₅, 2.05-2.20 (same).

THANIUM: Nuxco exchange value, \$ per lb, U₃O₈, 7.85 (same).

LONDON METALS STOCKS (As at Monday evening)	
Aluminium	+6,025 to 1,208,176
Copper	-4,825 to 287,300
Lead	+375 to 131,900
Nickel	20.18 to 68,252
Zinc	+10,425 to 234,700
Tin	+180 to 11,885

WORLD COMMODITIES PRICES

MARKET REPORT

PLATINUM is in retreat on the London bullion market after the Easter break. By midday platinum futures on Nymex were hovering around the key resistance level of \$340 a troy ounce. New York dealers pointed to the third consecutive day of losses on the Tokyo stock market, continuing to signal that the Japanese economy is slipping towards recession, with bearish implications for platinum demand. They were surprised prices had not fallen further given both the Japanese slowdown and high levels of outstanding Soviet swaps still held in Switzerland. "The Swiss are awash with platinum and

they just seem to be holding it back from the market," one dealer said. On the LME COPPER closed down, but off 10-week lows struck in early trading. Recent constructive US economic data, underlying Chinese buying interest and drawdowns in LME stocks suggest that further declines could be limited. London COCOA futures edged narrowly mixed, with most activity in the rolling forward of positions out of May and into July. News that the Ivory Coast had proposed an export quota system at UN talks on a new international agreement had little impact.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)	+
Dubai	51.55-56.00
Brent Blend (dated)	51.00-51.10
WTI (1 pm est)	51.55-52.00
WTI (1 pm est)	52.05-52.50

Oil products

UK premium delivery per tonne CIF	+
Premium Gasoline	5210-5212
Gas Oil	5176-5177
Petroleum Fuel Oil	571-573
Naphtha	575-576
Paraffin Gas Estimates	

Other

Gold (per troy oz)	17.5
Silver (per troy oz)	1.75
Platinum (per troy oz)	341.25
Palladium (per troy oz)	562.45

Copper (US Producer)

Lead (US Producer)	31.36
Tin (Kuala Lumpur market)	14.54
Tin (New York)	27.50
Zinc (US Prime Western)	62.00

Cattle (live weight)

Sheep (live weight)	55.20p
Pigs (live weight)	98.51p

London daily sugar (raw)

London daily sugar (white)	3275.00
Tate and Lyle export price	3240.00

Barley (English feed)

Maize (US No. 3 yellow)	114.00
Wheat (US Dark Northern)	1120.00

Rubber (May)

Rubber (Jun)	54.75p
Rubber (Jul)	55.00p
Rubber (Aug)	55.25p
Rubber (Sep)	55.50p
Rubber (Oct)	55.75p
Rubber (Nov)	56.00p
Rubber (Dec)	56.25p
Rubber (Jan)	56.50p
Rubber (Feb)	56.75p
Rubber (Mar)	57.00p
Rubber (Apr)	57.25p
Rubber (May)	57.50p
Rubber (Jun)	57.75p
Rubber (Jul)	58.00p
Rubber (Aug)	58.25p
Rubber (Sep)	58.50p
Rubber (Oct)	58.75p
Rubber (Nov)	59.00p
Rubber (Dec)	59.25p
Rubber (Jan)	59.50p
Rubber (Feb)	59.75p
Rubber (Mar)	60.00p
Rubber (Apr)	60.25p
Rubber (May)	60.50p
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Rubber (Oct)	94.75p
Rubber (Nov)	95.00p
Rubber (Dec)	95.25p
Rubber (Jan)	95.50p
Rubber (Feb)	95.75p
Rubber (Mar)	96.00p
Rubber (Apr)	96.25p
Rubber (May)	96.50p
Rubber (Jun)	96.75p
Rubber	

LONDON SHARE SERVICE

AMERICANS

Notes	Price	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	5
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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994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**AUTHORISED
UNIT TRUSTS**[illegible]

	Int'l Share	Cash Price	Std Price	Unit Price
Confederation Funds Mngt Ltd				120
Lyttle W. Stevedore				04
Growth Fund	h	44.35	45.01	43.13
High Income	h	25.83	26.12	27.40
Japan	h	20.12	20.17	21.40

[illegible]

	Large	Price	Yield	P
INVESCO MIM UT Mgrs Ltd -Cos				
Overseas Income Funds				
Global Income	54	64.08	64.08	63
Intl Bond	54	35.65	35.65	48
European Funds				
European Dist	54	92.26	92.26	97

[illegible]

	Change	PR120	PR150	PR180
National Provident Inv Mgrs Ltd				
72	NPI UK Govt Bonds Acc.	54	59.27	60.02
70	NPI W. Govt Bonds Acc.	4	62.20	64.73
	NPI W. Govt Bonds Dist.	5	78.76	81.19
76	NPI W. Govt Bonds Acc.	54	52.23	53.39

[illegible]

57
97
99

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WORLD STOCK MARKETS

[illegible]

SOUTH AFRICA 1992

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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

FILTER CIGARETTES



Marlboro

20 CLASS A CIGARETTES

Continued on next page

NASDAQ NATIONAL MARKET[illegible]

3:00 pm prices April 21

[illegible]

10

FINANCIAL TIMES
ECONOMICS & BUSINESS

AMERICA

Quarterly results put focus on banks

Wall Street

SHARE prices moved in a narrow range yesterday morning as first quarter corporate earnings dominated sentiment in a market unsure about which direction to take next, writes Patrick Harverson in New York.

By 1 pm the Dow Jones Industrial Average was down 5.14 at 3,331.17, having spent the morning session only a few points either side of opening values. The more broadly based Standard & Poor's 500 was down 1.04 to 409.12 at mid-session, while the Nasdaq composite index of over-the-counter stocks eased slightly, falling 4.96 to 610.77. Turnover on the NYSE was 12.4m shares by mid-session.

EUROPE

Holiday mood lingers on continental bourses

BOURSES re-opened for business after the Easter break but trading was uneventful, writes Our Markets Staff.

FRANKFURT had a quiet day, as the DAX index closed down 2.73 at 1,766.50 while the FAZ index, calculated at mid-session, gained 0.32 to 711.48. Turnover fell to DM3.8bn from DM5.1bn last Thursday.

The market is waiting for the March money supply figures this week and commentators are hoping for signs of a slowing in monetary growth. However, the expectations are that the Bundesbank will be unable to cut interest rates until the fourth quarter. The result of strike ballots among public service workers, also expected before the weekend.

Lufthansa was unchanged at DM153.50 in spite of a statement by Mr Jürgen Weber, the chairman, at the weekend in which he said that first quarter results were likely to be poor. The airline refused to comment on a report in a German magazine which said that the airline had lost DM400m in the first three months. Mr Weber said that the 3 per cent reduction in costs should be seen as the first step in a cost-cutting programme, but that further cuts would not affect services.

Monday's declines had been triggered by a sharp rise in bond yields and concern that the previous week's big gains (the Dow rose more than 100 points in just five days), spurred by positive corporate earnings, might have been overdone. With bond yields holding their own yesterday, and no fresh economic news, trading was therefore relatively subdued throughout the morning session.

The banks sector was the feature of the day as a host of banking groups reported first quarter earnings. Citicorp led the way, earning \$1.75 in turnover of 1.4m shares after reporting profits of \$183m in the first three months of the year, almost double what it made a year ago.

Banc One rose 3% to \$43 1/2 on news of record profits of \$179m, compared to \$130m a year earlier. Mellon Bank added 3% at \$41 1/2 after reporting a 28 per cent improvement in first quarter profits to \$89m.

The best performer was Wells Fargo, the west coast banking group, which jumped 7% to \$74 despite announcing lower profits at \$2.09 a share for the quarter.

Time Warner rose 1 1/4 to \$104 after the media and entertainment group reported first quarter net income of \$3m, an improvement on the sizeable loss incurred at the same stage a year earlier.

Tenneco fell 3% to \$40 1/2 in active trading after the oil and mining group paid out \$50m to settle a shareholder lawsuit.

Storage Technology plummeted 11 1/2 to \$44 1/2 in turnover of 1m shares on disappointing first quarter profits of 30 cents a share, down from the 36 cents a share the company reported a year earlier.

The over-the-counter market, Sengate Technology rose 3% to \$15 1/2 on news of fiscal third quarter profits of 59 cents a share, up from 38 cents a share a year ago.

MIPS Computer plunged 3 1/2, or 20 per cent, to \$8 1/2 as it recorded a first quarter loss of 51 cents a share, down from a modest profit at the same stage a year earlier.

Synopsys was also lower, down 1 1/2 to \$37 1/2 after reporting fiscal second quarter earnings of 11 cents a share, which were above the results of a

year ago but below market expectations.

Canada

SPECULATION that Olympia & York might be forced into bankruptcy weighed on Toronto stocks in slow midday trade.

The TSE 300 fell 21.2 to 3,377.7. Declines led advances by 220 to 139 in volume of 10.8m shares valued at C\$123.2m. An O & Y spokesman said that the company must arrange new financing of about C\$300m to meet payments due over the next 90 days.

Bank shares lost ground. Canadian Imperial Bank of Commerce fell C\$4 to C\$27 1/2 and National Bank slipped C\$1 to C\$28 1/2.

Political uncertainty fuels swings in the market

John Pitt on recent trading patterns across Europe

European markets showed a slight overall increase in volume last month, but this rise was due almost entirely to the UK and Switzerland. Together with Belgium, these were the only markets to advance in March. Italy had the steepest decline in turnover, a 33 per cent fall from February. As with the UK, the market was hampered by nerves ahead of the country's general election. Political commentators forecast, correctly, that the ruling four-party coalition would suffer defeat, creating more uncertainty as a new government was placed together.

However, Mr James Cornish of County NatWest notes that volume in Italian shares traded on Seag International in London rose 36 per cent in March. Switzerland saw a rise in volume as foreign investors were attracted by the liberalisation of share ownership. The new code came into force on July 1 but already a number of companies have announced that

EUROPEAN EQUITIES TURNOVER Monthly total in local currencies (bn)					
Bourse	Dec 1991	Jan 1992	Feb 1992	Mar 1992	US \$bn
Belgium	32.30	55.85	46.72	48.28	1.42
France	111.08	141.18	116.16	108.97	18.52
Germany	68.00	134.30	126.20	126.68	78.96
Italy	6,342.00	9,685.20	8,948.80	5,944.00	4.79
Netherlands	9.51	18.10	14.10	11.60	6.26
Spain	671.36	637.26	667.63	607.26	5.84
Switzerland	7.70	13.20	10.90	11.88	7.91
UK	28.44	36.40	29.61	32.69	66.57

Volumes represent purchases and sales. Italian data adjusted to include off-market trading. Some figures may be revised. Source: County NatWest Securities.

they will abolish participation certificates. Activity was also stimulated by good first-quarter results, particularly from the banks and Brown Boveri.

The decision by the Conservative government in the UK to call a general election may not have taken the market by surprise, but early opinion polls indicating a possible victory by the Labour party had a marked effect on activity.

Unlike Italy, where volume was depressed, the UK saw a 10

per cent rise as institutions switched stocks and bought into companies which they believed might benefit from a change in the governing party.

Power utilities, which had been privatised during the 13 years of Tory government, came into focus as some investors feared that Labour would renationalise them. Property issues were also active on fears that a Labour victory would lead to higher interest rates.

But with most opinion polls showing the two leading parties running virtually neck-and-neck and the prospect of a coalition government looming there was as much nerve as in the market.

Politics also played a part in France, where volume picked up later in the month after President François Mitterrand forced the resignation of Mrs Edith Cresson as prime minister. The market was pleased with the appointment of Mr Pierre Bérégovoy, the former finance minister.

● A stronger performance on Wall Street, boosted by some good first-quarter results, helped calm the recent volatility in Japan and lifted markets worldwide. Only South Africa showed a small decline on the week, largely because of a fall in the gold price.

Denmark rose but on small turnover, as an increase in shipping rates lifted that sector. Mexico's performance continued to improve as more foreign investors turn to the market. In Hong Kong the release of information on the inner reserves of the leading banks pushed the market up.

ASIA PACIFIC

Nikkei below 17,000 in low volume

Tokyo

ARBITRAGE-LINKED selling drove shares lower yesterday, leaving the Nikkei average closing below 17,000 for the first time since April 9, writes Eniko Tereszko in Tokyo.

The average lost 284.03 at 16,737.33, after a day's high of 17,124.55 and low of 16,682.86. Monday's fall on Wall Street also depressed sentiment. Volume picked up modestly from 200m shares to 250m. Falls outscored rises by 712 to 240, with 162 issues unaltered. The Topix index of all first section shares slipped 12.49 to 1,280.30, but in London the ISE/Nikkei 50 index edged up 0.35 to 1,039.08.

Trading remained dominated by index-linked activity, as the fall in the futures markets prompted arbitrageurs to unwind positions. Small-tail selling of stocks bought on margin six months ago added to the decline.

Traders said buy orders placed at lower levels by some pension funds and life insurers failed to lift sentiment.

Mr Masami Okuma at UBS Phillips & Drew said domestic investors were hoping that foreigners would return now that the Easter break was over.

Bio-technology issues, which were actively traded on margin last October, lost ground on margin unwinding by individuals. But some short-term traders sought speculative stocks, Morigaya Milk gaining Y9 to Y726 and Okamoto Industries Y40 to Y1,130.

Bank shares were lower, with Industrial Bank of Japan down Y80 to Y1,670 and Fuji Bank off Y90 to Y1,260. Most analysts believe that asset-backed stocks need to fall further before investors regain confidence in them.

Industrial blue chips were firm. Sony put on Y30 to Y4,130 in the futures market, electrical analyst at James Capel, said international blue chips looked cheap by international valuation standards.

Department stores fell on prospects of lower earnings, after sharp drops in March department store sales for the Tokyo and Osaka districts

were announced. Mitsukoshi shed Y42 to Y882 on reports of expected losses for the financial year to February. Tokai Department Store fell Y43 to a low for the year of Y540.

In Osaka, the OSE average declined 216.45 to 19,213.53 in volume of 10m shares. Institutional investors and some foreigners were seen bargain hunting, but overall activity remained subdued.

Roundup

WEAKNESS in Tokyo and on Wall Street weighed on the Pacific Rim yesterday. Indian brokers continued to boycott trading in Bombay.

AUSTRALIA ended slightly lower in thin trading, the All Ordinaries index losing 2.0 to 1,585.0 in turnover of A\$125.4m. Among the bright spots, QBE, AS&L, and Lend Lease, A\$15.40, gained 30 cents apiece after their joint purchase of Australian Eagle Insurance. BTR Nylex rose 7 cents to A\$2.61 after Westinghouse Brake and Signal advised shareholders to accept its offer.

BANGKOK closed at an eight-month low as protests against the appointment of an unelected prime minister intensified. The SET index fell 23.75 to 2,999.00.

NEW ZEALAND recovered from a weak start, the NZSE index finishing 15 up at 1,411.54 in turnover of NZ\$15.6m. The listing of Australian Consolidated Press was not well received. No shares were traded in its first day on the exchange.

HONG KONG ended below the day's best after cautious trading. The Hang Seng index gained a net 10.40 to 5,093.09 and turnover contracted to HK\$2.45bn from HK\$3.17bn.

HSBC Holdings came under selling pressure, and brokers noted some switching from HSBC into Hang Seng Bank and Bank of East Asia. MANILA lost ground on concern about threats by army rebels to attempt a fresh coup ahead of the May 11 elections. The composite index receded 4.68 to 1,171.54 in combined turnover of 191.9m pesos, after a previous 172.2m pesos.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

MONDAY APRIL 20 1992											
Figure in parentheses show number of times of stock	US Index	Day's Change	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local Ccy % chg	Gross Yield	US Index	Day's Change	Pound Sterling Index
Australia (69)	145.78	+0.1	124.11	120.86	126.28	+0.0	4.37	145.67	123.69	123.33	126.38
Austria (19)	156.80	+0.0	142.00	141.72	145.17	+0.0	2.01	156.80	141.54	141.23	144.72
Belgium (48)	136.77	-0.2	116.44	116.19	115.81	+0.0	5.24	136.99	116.32	115.97	115.85
Canada (115)	129.88	-0.4	110.57	110.34	113.03	+0.0	3.31	130.44	110.76	110.43	112.12
Denmark (50)	21.14	-0.3	195.78	195.39	201.17	+0.0	1.82	201.77	196.51	196.23	201.77
Finland (15)	74.56	-1.1	63.48	63.35	64.89	+0.0	2.05	75.42	64.04	63.66	65.44
France (106)	154.58	-0.3	131.80	131.33	134.52	+0.0	3.38	155.00	131.82	131.23	134.47
Germany (82)	117.90	-0.3	100.37	100.18	102.81	+0.0	2.25	118.27	100.42	100.14	102.81
Hong Kong (59)	211.46	+0.0	180.12	179.68	194.04	+0.0	3.85	211.55	179.85	179.11	183.95
Ireland (16)	158.70	-0.3	135.10	134.83	138.11	+0.0	3.68	159.24	135.22	134.82	138.16
Italy (78)	70.54	-0.2	60.05	59.93	61.39	+0.0	3.48	70.71	60.04	59.86	61.39
Japan (473)	94.68	-2.5	80.59	80.43	82.42	+0.0	1.06	97.14	82.48	82.24	84.26
Malaysia (68)	231.36	-0.8	199.96	196.56	201.35	+0.0	2.63	233.24	196.05	197.47	202.36
Mexico (18)	1730.95	+0.1	1473.61	1470.95	1506.46	+0.0	1.04	1729.26	1458.37	1484.09	1500.31
Netherlands (25)	152.23	-0.3	129.80	129.34	132.49	+0.0	4.25	152.74	129.95	129.31	132.52
New Zealand (14)	43.25	+0.1	38.82	38.74	37.64	+0.0	6.52	42.22	38.70	38.50	37.50
Norway (23)	167.55	-0.3	142.72	142.44	145.91	+0.0	1.72	168.10	142.74	142.32	145.85
Singapore (38)	202.44	-0.3	172.34	172.00	176.18	+0.0	2.10	203.11	172.46	171.96	176.21
South Africa (81)	228.23	+0.0	194.30	193.91	196.63	+0.0	3.03	228.23	193.80	193.23	196.70
Spain (50)	149.28	+0.2	127.08	126.83	129.92	+0.0	5.07	149.59	128.51	128.15	129.26
Sweden (25)	183.06	-0.4	155.88	155.55	159.34	+0.0	2.76	183.80	156.07	155.62	159.27
Switzerland (60)	97.76	-0.2	83.22	83.06	85.09	+0.0	2.28	97.98	83.20	82.95	85.02
United Kingdom (228)	158.02	-0.2	155.55	155.33	158.14	+0.0	4.74	158.49	155.66	155.19	158.05
USA (522)	156.93	-1.4	142.12	141.84	145.29	+0.0	5.99	156.93	143.73	143.37	146.32
Europe (781)	148.16	-0.2	124.43	124.18	127.21	+0.0	3.97	148.52	124.42	124.05	127.13
Nordic (89)	171.34	-0.3	145.87	145.58	149.12	+0.0	2.21	171.94	146.00	145.57	146.17
Pacific Basin (717)	100.48	-2.2	85.65	85.38	87.45	+0.0	1.47	102.74	87.24	86.99	89.14
Europe - Pacific (1506)	118.94	-1.3	101.26	101.05	103.51	+0.0	2.84	120.46	102.28	101.98	104.50
North America (538)	164.60	-1.4	140.13	139.98	143.27	+0.0	2.97	166.88	141.71	141.31	144.81
Europe Ex UK (563)	123.51	-0.2	106.15	104.36	107.92	+0.0	1.21	123.81	105.13	104.85	107.46
Pacific Ex Japan (244)	157.81	-0.1	134.35	134.10	137.35	+0.0	3.88	157.59	134.15	133.78	137.08
World Ex US (1702)	121.59	-1.2	103.52	103.32	106.83	+0.0	2.86	123.05	104.48	104.19	106.78
World Ex UK (1997)	131.43	-1.4	111.89	111.68	114.40	+0.0	2.53	133.31	113.20	112.88	115.66
World Ex So. Af. (2164)	135.37	-1.3	115.24	115.02	117.82	+0.0	2.78	137.15	116.45	116.13	119.00
World Ex Japan (1732)	158.09	-0.2	135.35	135.10	138.32	+0.0	3.32	160.40	136.20	135.82	139.18
The World Index (2225)	135.97	-1.3	115.75	115.53	118.34	+0.0	2.78	137.73	116.95	116.62	119.50

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Favourable development of Fortis in 1991

Fortis looks back on 1991 with satisfaction. In its first full year of its existence the group developed well. It realized growth, both in turnover and through acquisitions. Total revenues, operating result and profit increased. For 1992 Fortis expects the operating result to be up on the figure for 1991 and profit to be slightly higher.

Key figures Fortis
(in £ sterling million)

	1991	Increase on 1990
Total revenues	5,353	18.7%
Operating result	262	7.8%
Net profit	292	3.7%

Key figures N.V. AMEV
(in £ sterling)

	year 1991	Increase on 1990
Profit per share	2.42	5.6%
Share price at 31 December	16.13	1.6%
Price/earnings ratio	6.7	0.5%
Proposed dividend per share	0.94	5.6%

All figures have been translated into Pounds sterling at the rates of 31 December 1991 (1 £ = 1.40 ECU = 3.20 NLG).

Fortis: a united force in financial services

Fortis is an international insurance and banking group with a strong capital base. Fortis activities are widely spread, both geographically and in terms of products. Fortis companies are active in Europe, the United States, Australia and South-East Asia. Since its creation in December 1990, the group has turned its financial resources actively exploiting new opportunities. Fortis aims at realizing a strong position in the markets in which it operates, focusing on growth of volume of business and growth of profit.

N.V. AMEV: a good company to invest in

N.V. AMEV is one of the two parent companies of Fortis through which it is possible to invest in the strength and potential of Fortis. AMEV shares, listed on the Amsterdam Stock Exchange, are also traded via SEAQ International in London. American Depositary Receipts of N.V. AMEV are traded in the United States.

The annual reports of Fortis and N.V. AMEV will be presented on 26 May 1992. If you would like to receive a copy, or any other information, please contact:

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Fortis is the parent company of Fortis

The contents of this statement have been approved by the Board of Directors of Fortis. The Board is authorized by the Institute of Chartered Accountants in England and Wales to certify that the information is true and correct.

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